Daily Report

Latin America

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FBIS-LAT-93-111 *11 June 1993*

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OAS Secretary General Says Non-Aristide Government 'Will Be Unacceptable'

PA0906222593 Paris AFP in Spanish 2054 GMT 9 Jun 93

[Text] Managua, 9 Jun (AFP)—OAS Secretary General Joao Clemente Baena Soares said on 9 June in Managua that a government in Haiti that is not appointed by deposed President Jean Bertrand Aristide, such as the one being formed by former President Joseph Nerette, will be de facto and unacceptable to the OAS. Nerette would be "a de facto authority, not a de jure authority. Our organization, its member countries, cannot acknowledge someone who disregards the results of an election," Baena Soares said.

Baena Soares likewise said that he does not believe that if Nerette takes over the government it will be possible for the OAS to discuss "a new phase" in the Haitian crisis. "I believe we must continue doing what we are doing now, seeking a path that will lead the Haitian people to a solution," he said.

Baena Soares, who has been in Managua since 6 June for the 23d OAS General Assembly, was asked by reporters about information out of Haiti according to which Nerette is forming a government. Marc Bazin, who has been Haiti's de facto prime minister for over a year, resigned on 8 June after losing the support of several political parties following a cabinet reshuffle.

Baena reiterated that he would be willing to travel to Haiti to attempt to promote a return to the constitutionality that was disrupted by the coup d'etat in September 1991, as President Aristide asked of him on 8 June. Nevertheless, he added, the situation in Haiti would have to be clarified and the terms under which an OAS mission would operate would have to be established.

Cuba

Farm Production Said 'Considerably Lower' Than Same Period in 1992

PA1006173093 Paris AFP in Spanish 1150 GMT 10 Jun 93

[Text] Havana, 10 Jun (AFP)—Cuba's production of farm products in the first months of this year was considerably lower than during the same period in 1992, according to figures and statistical data issued recently, which are at odds with the official euphemism that agriculture is undergoing "a complex phase."

On 9 June, the daily GRANMA reports that "in the last quarter" the harvest of vegetables and tubers was 138,000 tons smaller than in the previous period last year.

The newspaper, the mouthpiece of the Communist Party of Cuba [PCC], reports that over 6 million banana plants were destroyed in the so-called "winter storm of the century" that hit the U.S. Atlantic Coast and the Caribbean.

Another half a million plants were destroyed by the winds that accompanied the heavy rains that poured over Cuba's eastern region last week, it adds.

The banana plantations, with their artificial drizzle, constitute the cornerstone of the government "Food Plan" begun in 1991 when commerce with the USSR reached a crisis point. The USSR, and later Russia, was the island's chief supplier.

The potato harvest totaled 216,200 tons, or 18,400 fewer than in 1992, but "it will be able to cover a large part of (consumption) for 1993 until banana production picks up," according to GRANMA.

Except for the more resistant carrot and cauliflower harvests, crops of tomato, garlic, onion, cucumber, corn, pumpkin, sweet potato, and other vegetables and tubers "were severely damaged by the weather," GRANMA states.

"The high temperatures, excessive rains, searing winds in the south, and hailstorms conspired to give us an adverse agricultural outlook," the daily laments.

According to observers, the adverse climatic conditions added to the shortage of fertilizer, pesticides, and fuel for farming machinery. The latest issue of the weekly TRABAJADORES mentioned concurrent negative factors: "available resources, chiefly the labor force, are not employed efficiently."

"Lamentations over the rains and lack of labor prevail," the article stated in an ironic tone, adding that over 1 million persons have been sent from Havana to agricultural areas "in the past three years." Organization became worse "because of favoritism" or in other words "the lack of organization, discipline, control, and needs," the article charged.

The weekly referred to agriculture in Havana Province, which must supply food to little more than 2 million Havana residents. It stated "there is a lack of immediate actions to bring about radical change leading to higher production."

TRABAJADORES reported 8,000 hectares of fields around the Cuban capital are overrun with weeds.

On 8 June GRANMA reported "several thousand" soldiers, officials, cadets, and civilian employees of the Armed Forces were working side by side in the Havana countryside with 32,000 students and professors, 20,000 mobilized units, 5,000 members of peasant cooperatives, and 3,000 state farmers.

In May Jorge Lezcano, a member of the Politburo and secretary of the PCC in Havana, established that an average of 17,000 demobilized units will be needed each month in the Havana countryside in June, July, and August.

The mobilization of urban office workers, employees, and professionals to do agricultural work has been a government policy for more than 30 years in Cuba.

"We realize massive mobilization is not the definitive solution to the agriculture problem in Havana, but these people are indispensable," the high-ranking PCC official added on that occasion.

Workers Federation Secretary General Meets With Mexican Legislators

FL1006211493 Havana Radio Reloj Network in Spanish 1945 GMT 10 Jun 93

[Text] Maria de los Angeles Moreno, president of Mexico's Chamber of Deputies, and legislators from every parliamentary faction have reiterated their support for Cuba in light of the adverse economic situation faced by the island. During a meeting with Pedro Ross, Cuban Workers Federation secretary general, the Mexican deputies agreed that to support Cuba is to vindicate traditional principles of Mexican international law.

Ross briefed the legislators on the debate on challenges to the Latin American labor movement held in Mexico City by delegates from 27 Latin American countries, the United States, and Canada. Ross said that the participants in the meeting issued a condemnation of the economic and political blockade Washington maintains against Cuba.

Vice Minister Ends Visit to China, Signs Agreements

FL1006190793 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Jun 93

[Text] A Cuban delegation headed by Pedro Alvarez, vice minister of foreign trade [title as heard], has ended a one-month visit to China. Alvarez headed a government delegation that attended an exhibit of Cuban

products and medical equipment. He also made contacts with 200 Chinese businessmen.

Alvarez said What is left to do now is to orchestrate these talks and channel them toward concrete actions. Alvarez also said several work agreements that will stimulate prospects for cooperation in various fields have been signed.

Anniversary of First Joint Venture With China Noted

FL1006185793 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Jun 93

[Text] The one-year anniversary of the formation of the first Chinese-Cuban joint venture, set up in China to produce and market high-tech medical equipment developed in Cuba, will occur on 18 June. (Wu Wei Hung), general manager of (Beijing New Medical Instruments), the company involved, is visiting Cuba.

In statements to Orfilio Pelaez of GRANMA, he said that expectations have been met and the business is doing very well. (Wei Hung) added that the equipment designated ("Medicis 03-E") and ("Neuronica 02"), used in the diagnosis and study of diseases of the nervous system, has been received with extreme interest on the Chinese market and is comparable to products of multinational companies with worldwide prestige.

Inter-Caribbean Affairs

Organization of Eastern Caribbean States Ends Summit 4 Jun

Sends 'Strong' Signal on Cruise Ship Industry

FL0506173193 Bridgetown CANA in English 1643 GMT 5 Jun 93

[By Peter Richards]

[Text] Vieux Fort, St. Lucia, June 5, CANA—Leaders of the Organisation of Eastern Caribbean States (OECS) ended their mid-year summit here on Friday night [4 June], sending a strong signal that the organisation will not back down in its dispute with the American cruise ship industry. The government leaders were particularly severe in their criticism of the Florida Caribbean Cruise Association (FCCA) over its recent allegations that former Jamaican prime minister, Michael Manley, was leading an anti-cruise ship lobby against the industry.

The FCCA has pulled out of the Caribbean Tourism Organisation [CTO] as a result, until the CTO, which groups government tourism organisations, distances itself from a Caribbean Hotel Association task force on tourism headed by Manley.

At the centre of the controversy is a decision by Caribbean governments to increase the tax paid by each passenger—a move resented by the cruise ship industry.

But the OECS leaders said they were expressing "serious concern at the attitude" of the FCCA, especially as it pertains to the "work undertaken by former Prime Minister Michael Manley in an effort to resolve the cruise ship issue.

"The meeting felt that the withdrawal of the association from the Caribbean Tourism Organisation would not serve to enhance the relationship between the governments which are members of the CTO and the cruise ship association, since a sound relationship could only be developed through mutual respect," the OECS leaders said in a statement.

"In this regard, it was felt that the attitude of the FCCA represented an attempt to undermine the sovereignty and integrity of the countries which are members of the Caribbean Tourism Association," the statement added.

Communique Issued

FL0506181793 Bridgetown CANA in English 1715 GMT 5 Jun 93

[Excerpts] Vieux Fort, St. Lucia, June 5, CANA—Following is the text of the communique issued here by Organisation of Eastern Caribbean States [OECS] Heads of Government here Thursday and Friday [3, 4 June]:

"The 22nd meeting of the OECS authority was held at the Skyway Inn in Vieux Fort, St. Lucia, June 3-4, 1993. This meeting was preceded by the 21st meeting of the economic affairs committee on June 2, 1993. Heads of government attending the meeting were Dame Eugenia Charles; prime minister of the Commonwealth of Dominica, Dr. the Right Honourable Kennedy Simmonds; prime minister of St. Kitts-Nevis, the right honourable John Compton; prime minister of St. Lucia, the Right Honourable James Mitchell; prime minister of St. Vincent and the Grenadines and the Honourable Reuben Meade, chief minister of Montserrat. Grenada's delegation was headed by the Honourable George Brizan, minister of trade, industry, energy, agriculture and production; while the delegation of the British Virgin Islands was headed by the Honourable Ralph O. Neal, deputy chief minister. Other ministerial representatives were: the Honourable Charles Maynard, minister of trade and industry of the Commonwealth of Dominica; the Honourable Charles Kirnon, minister of agriculture, trade and the environment; the Honourable Joseph Parry, minister of Caricom affairs; the Honourable George Mallet, minister of trade, industry, and foreign affairs, St. Lucia; the Honourable Herbert Young, minister of foreign affairs; the Honourable Jonathan Peters, minister of trade; and the Honourable Stuart Nanton, parliamentary secretary in the Ministry of Foreign Affairs, St. Vincent and the Grenadines. Dwight Venner, governor of the Eastern Caribbean Central Bank [ECCB], headed the ECCB's delegation. The Caricom secretariat was represented by the deputy secretary general, Frank Abdullah; and the United Nations Economic Commission for Latin America and the Caribbean by Swinburne Lestrade, deputy director.

Opening remarks were made by the director general, Dr. Vaughn Lewis. These were followed by an address by the chairman, the Hon. Reuben Meade, chief minister of Montserrat; and an address of welcome by the Right Honourable John Compton, prime minister of St. Lucia. The Honourable George Brizan replied on behalf of the visiting delegation.

Economic matters—In considering the conclusions of the economic affairs committee, the authority paid particular attention to the following: (1) some social implications arising out of patterns of growth and development and prospects for OECS action. (2) a proposed economic development strategy for the OECS subregion. (3) implications of the floating of the Trinidad and Tobago dollar for the OECS, including the implementation of the Caricom Common External Tariff and the recent decisions of the GATT panel on banana exports to Europe. (4) trade developments requiring priority attention. (5) a review of the administration of protection arrangements under Article 56 of the annex to the Caricom treaty in the OECS member states and a review of progress towards an OECS single market. (6) the North American Free Trade Agreement—implications, challenges, and opportunities, and the way forward for the OECS countries and (7) a report on the process of evaluation of projects/programmes submitted for financing under Lome Four.

[Text] "The authority reaffirmed its commitment to pursue an OECS single market and economy and will be presented with a progress report at the November meeting. The authority discussed certain common market developments that require urgent attention and agreed to request that a meeting of the Caricom Council of Ministers be convened prior to the meeting of the conference of Caricom Heads of Government in July, to discuss among other things, the oils and fats agreement, and the status of Article 56 industries in the OECS which currently benefit from protection.

The recent decision of the GATT panel on bananas, declaring that preferential arrangements for ACP bananas were inconsistent with the GATT was greeted with dismay by the authority. It was agreed that all OECS member states which are contracting parties of the GATT should attend the upcoming meeting of the GATT council in an attempt to safeguard the continued preferential access of ACP bananas into the EEC market, and that urgent efforts be made to ensure maximum support from ACP countries that are members of GATT.

In the area of joint overseas diplomatic representation, the authority examined arrangements for OECS representation in North America, Europe, and the Far East and agreed on measures which would facilitate OECS diplomatic representation. It was agreed that the joint mission in Brussels would be established in August of this year, and that the joint mission in London would be enlarged by the participation of the Government of Grenada. The authority examined the area of maritime boundary delimitation and reviewed the experiences of various OECS countries in this activity. The authority reiterated its support for a joint approach to be taken by OECS countries to maritime delimitation and endorsed the efforts of the secretariat in making appropriate preparation for this activity.

"On other maritime-related matters, the authority received a report from the OECS fisheries unit on its work. It discussed the position of OECS countries on issues concerning whaling, and reviewed decisions taken at the meeting of the International Whaling Commission held recently in Japan. The authority received a report from the OECS natural resource management unit on various environmental programmes for the sub-region.

The authority noted and endorsed the recommendations of the third technical advisory committee of the NRMU and noted inter-alia, the progress being made in the implementation of a World Bank-sponsored waste management project for improving solid waste management in OECS countries.

The authority received an interim report on a strategic review of the organisation which has been established under the chairmanship of Crispin Sorhaindo, speaker of the House of Assembly in Dominica. The meeting agreed that in its work, the strategic review committee should also review the costs of running the secretariat and all related OECS institutions. This was especially important given the global financial/economic situation facing member states.

The authority received a status report on the work being undertaken under the OECS education reform strategy. This involved the development of programmes and preparation of projects for donor assistance in the areas of teacher training, curriculum development, harmonisation of legislation pertaining to education, technical and vocational education and training, tertiary level education, and the strengthening of management capacity including policy formulation and planning at both the regional and national levels.

"In the review of a report from the Legal Affairs unit, the authority urged accession by member states to the Berne and Paris conventions, so that worldwide protection of intellectual and industrial property may be achieved. This was deemed to be particularly important for the protection of the works of artists and writers in OECS member countries.

The authority noted the steps taken by the central secretariat in conjunction with Unicef to implement the convention on the rights of the child and stressed the need for signatories to the convention to ratify this convention. The authority also endorsed the recommendation of the Legal Affairs unit on the matter of law reform in member states and stressed the importance of implementation of alien landholding legislation to facilitate the movement of capital for investment in the sub-region.

The ambassador of Cuba to certain member countries of the OECS, His Excellency Lazaro Cabezas, addressed the heads of government and expressed the gratitude of the people and government of Cuba to those OECS countries which had provided financial assistance to his country following the extensive damage caused by the rainstorms in May this year. He also expressed the strong wish of his government for the early establishment of a proposed Caricom-Cuba joint agreement to facilitate closer relations between the two sides.

Cruise ships [passage omitted]

The authority agreed on the question of staffing and physical facilities to provide for joint diplomatic represention in London, Ottawa, Brussels, Washington, and in the Far East. The meeting agreed on steps to be taken by the secretariat for the purpose of identifying and involving various institutions and agencies of the organisation in disaster preparedness activities."

Caricom Ministers Set Aside Funds for Regional Agriculture Projects

FL1006222493 Bridgetown CANA in English 2015 GMT 10 Jun 93

[Text] Kingstown, St. Vincent, June 10, CANA—Caribbean Community (Caricom) agriculture ministers have agreed to set aside 39 million European Currency Units (one ECU ; approx US1.2 dollars) to fund regional projects in the agriculture sector, Caricom agriculture officials said.

The decision, taken at the sixteenth meeting of the Standing Committee of Caricom Ministers of Agriculture which ended here Wednesday [9 Jun], was part of plans to advance the region's agriculture sector which was reported as having had experienced mixed fortunes in 1992.

Officials said the projects would be in the areas of research, training, mobilising of information to enable better management of the sector and the identification of crops to supplement existing major crops like bananas and sugar.

Funding for the projects would derive from 90 million ECU, made available under the Lome IV Convention for financing regional projects.

Some 16 countries are expected to benefit.

Implementation of the regional agriculture sector projects was among the major decisions coming out of the June 7-9 meeting at which the ministers examined the performance of various agricultural commodities produced in the region.

The meeting also decided to allocate an undisclosed amount of resources to improve the productivity of the rice industry and improve processing techniques.

Caricom Director of Trade and Agriculture Haydn Blades said a study will be undertaken that would provide the basis for advising Caricom governments on the appropriate rate of tariffs under the Common External Tariff (CET) that would be applied to this commodity, "taking account of the need to supply our consumers with rice at reasonable prices while at the same time, ensuring that we'll be able to produce the rice that we consume in this region".

The ministers agreed as well to undertake a joint public/private study of the citrus industry to determine areas to which resources need to be allocated, Blades said.

Caricom Governments Said Planning 'Show of Force' at 16 Jun GATT Meeting

FL1006221793 Bridgetown CANA in English 1952 GMT 10 Jun 93

[Text] Kingstown, St. Vincent, June 10, CANA—Caribbean Community (Caricom) governments plan a show of force and unity at the June 16-17 meeting of the General Agreement on Tariffs and Trade (GATT) where the controversial European banana trade is expected to be a major talking point, according to Grenada's agriculture minister, George Brizan.

Brizan told journalists following a three-day meeting of Caricom agriculture ministers here that regional governments were also mobilising others outside the area in opposition to a ruling by a GATT disputes panel which concluded that the arrangements under which traditional banana producers market the fruit in Europe were unfair to Latin American producers.

"Forty-four ACP (African, Caribbean and Pacific) states are signatories to the GATT whose interest would be affected and right now ... a comprehensive mobilisation is being undertaken to ensure that as many of these countries as posible are present at this meeting so that they can register their opposition," Brizan said.

Some fears have been voiced about the future of the Lome Four Treaty involving European and ACP states if the GATT Council upholds the decision of its disputes panel.

However, Brizan said it may not be too easy for the treaty, which offers special arrangements for the marketing of bananas and other commodities in Europe, to be dismantled.

"It must be recognised that the Lome Convention is a treaty. It is not a law and there are treaty obligations on all signatories. We would expect that the majority of European countries, and other countries, would ensure that the treaty is preserved and protected," Brizan remarked.

Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela have been named as the countries which complained to the GATT Council about the current banana marketing arrangements for traditional suppliers.

The Caricom agriculture ministers unanimously agreed on a resolution which recognised that the findings "of the GATT panel threaten the whole range of preferential trading relations established under the Lome Convention".

They urged all ACP states contracting parties to the GATT to "participate actively in the next GATT Council meeting."

Antigua and Barbuda

Opposition Leader Boycotts Governor's Swearing-In

FL1006182193 Bridgetown CANA in English 1731 GMT 10 Jun 93

[Report by Colin James]

[Text] St. John's, Antigua, June 10, CANA—Parliamentary opposition leader Baldwin Spencer Thursday boycotted the swearing-in of Dr. James Carlisle, a 55-year-old dentist, as Antigua and Barbuda's new governor general.

Spencer said he took the action because there had been a lack of consultation between Prime Minister Vere Bird, Sr. and himself about the appointment. He made clear the boycott was not a reflection of his views about Dr. Carlisle.

Spencer was to have given a congratulatory speech after Dr. Carlisle had been sworn in by Eastern Caribbean Supreme Court chief justice Sir Vincent Floissac.

In a letter dated June 7 which Spencer sent to the cabinet secretary and made public Thursday, the United Progressive Party (UPP) leader complained about how the prime minister went about the appointment.

"It is shocking to find that (the prime minister) is still behaving in this brazen, uncouth, insensitive , and contemptous manner when attending to matters of great public importance," he said.

Dr. Carlisle succeeds Sir Wilfred Jacobs who retired from office on the grounds of poor health. However, Spencer said he was "unaware of any termination of Sir Wilfred's tenure of office" and as such, "cannot understand how Antigua and Barbuda proposes to go about having two persons holding this important position."

"I can find no one who has seen or heard any official notices or anything else that could be of assistance in explaining this phenomenon," he added. Spencer, saying the appointment of a governor general "ought to be a non-partisan matter," said "the behaviour (of the government was) quite unacceptable."

The governor general is the representative of Britain's Queen Elizabeth II, who is the head of state of Antigua and Barbuda, a former British colony.

Bird, Marshall Continue Campaign for ALP Leadership

FL1006153293 Bridgetown CANA in English 1239 GMT 10 Jun 93

[Text] St. John's, Antigua, June 10, CANA—Planning Minister Lester Bird and former trade minister, Hugh Marshall, made presentations to a constituency meeting in St. John's this week as they continued to campaign for leadership of the ruling Antigua Labour Party (ALP). The third candidate, Information Minister John St. Luce, did not attend the meeting.

Bird told the meeting that the Labour Party "needs a healing process" after being rocked in recent years by a few scandals and fighting among cabinet ministers. He said the "departure of the prime minister will create more than a measure of concern." His father, Prime Minister Vere Bird, Sr., is retiring when his present five-year term expires in 1994.

The former deputy prime minister called on the Labour Party members to have "fund-raising, a monthly publication, a recruitment programme, and the holding of an annual convention," which would ensure the survival of the ALP.

Marshall told the meeting allegations of corruption levelled at cabinet ministers put the Labour Party in an awkward position to face the opposition in the next general election, constitutionally due by next March. He said the party needed strong leaders who would not buckle under the pressure from the opposition.

"It will be a tragedy to allow the opposition to get power," Marshall remarked. The government backbencher called for more investment in education, health, and housing in Antigua and Barbuda.

A date has not been announced for the ALP convention that will settle the leadership issue. But it is widely speculated that the convention will take place by July 18.

Jamaica

Cooke's Throne Speech Outlines Government's Goals, Programs

FL1006224293 Bridgetown CANA in English 2037 GMT 10 Jun 93

[Report by Garfield Myers]

[Text] Kingston, Jamaica, June 10, CANA—Even as it reaffirms its commitment to the tight monetary and fiscal policies pursued over recent years, the Jamaican Government is pledging improved education, health and security for Jamaicans in 1993-94.

The government outlined its policies and programmes for the new fiscal year during a wide-ranging throne speech delivered by the governor general, Sir Howard

Cooke, at the formal opening of Parliament, complete with pomp and pageantry, Thursday.

The formal opening and the throne speech preceded the tabling in the House of Representatives of the 1993/94 estimates of expenditure.

The opposition benches were empty as the Jamaica Labour Party (JLP) continued its boycott of Parliament in support of its campaign for rapid reform of the police force and the electoral system.

Cooke, who had earlier ceremonially inspected a military guard of honour outside the Parliament building in downtown Kingston, declared that the government intended to "stay the course" in so far as its economic policies are concerned.

He said a "judicious mix of monetary policy and tight fiscal management" had already established an environment within which inflation had been curbed and "the macro-economic situation stabilised."

This, he said, had resulted in a "general mood of confidence" in all economic sectors.

Measures would be pursued to assist the private sector in expanding production and increasing export earnings.

At the same time, "basic education" would remain a priority during the year, said Cooke. Vocational training programmes for school leavers will also be extended and distance teaching will be introduced to complement training and education at tertiary level.

Public-private sector partnership loan schemes for university and college students now under pressure following increased school fees would "be further developed during the year".

"Our aim is to ensure that no student is deprived of education at any level due to the inability to pay tuition fees", said Cooke.

A national council of education with a mandate to forge national consensus on education, was now ready to function as a statutory body, he said.

Special efforts would continue to curb youth unemployment and to encourage self employment through agriculture and small business.

A scheme providing over-the-counter drugs to the poor at below market prices would be extended, Cooke said.

The government's programme of collaboration with the private sector for shared provision of health services and "certain services" would be divested to ensure effective functioning.

On crime and security, the governor general said the government believed "significant" salary increases to the police recently, justified "the insistence on high performance standards".

New and innovative initiatives to fight crime, especially in the area of drugs, would be introduced and legislative and administrative measures recommended by a national task force on crime would be put in place as soon as possible.

The Jamaica Defence Force would continue to assist the police in fighting crime.

The government again pledged itself to constitutional and electoral reform. Cooke said the government was "ready and willing" to work with the political opposition on electoral reform to "ensure that whatever reforms are implemented benefit from the widest range of ideas and enjoy the maximum possible level of national support".

On constitutional reform, the governor general reiterated that the Constitutional Reform Committee would submit its report to Parliament by the end of August.

The government's programme of legal reform would continue with social legislation relating to rape, incest and sexual offences against children being updated.

Legislation to protect women against domestic violence and to reform laws pertaining to matrimonial property would be brought to Parliament.

The government again pledged to repeal the much maligned suppression of crime act which gives extraordinary powers of search and detention to the police as well as outdated vagrancy laws.

The evidence law will be amended in line with new technologies and the storage and transmission of information.

Laws relating to telecommunication systems and services would also be updated.

Additionally a new law is to be introduced to ensure that consumers are afforded the "best possible service from the utilities at a reasonable cost, while at the same time affording companies reasonable returns on their investments", Cooke said.

Government Presents Estimates of Expenditures

FL1006225693 Bridgetown CANA in English 2154 GMT 10 Jun 93

[Report by Garfield Myers]

[Text] Kingston, Jamaica, June 10, CANA—The Jamaican Government plans to spend $40.057 billion [Jamaican] dollars (one J dollar = 4.5 US cents) in the 1993/94 budget year, 53 per cent or $J14 billion more than it spent in the previous year.

The estimates of expenditure were tabled in the House of Representatives Thursday afternoon, following the traditional throne speech by Governor General Sir Howard Cooke and the formal opening of Parliament during the morning.

The recurrent side of the budget takes the larger slice, $J28.13 billion or double the amount approved for recurrent spending in the last year.

Some $J11.9 billion is proposed for the capital side of the budget, just marginally above the $J11 billion approved for 1992-93.

The increase in the recurrent side reflects to some extent, significant pay increases for public sector workers including police and teachers towards the end of the last financial year.

Finance Minister Hugh Small, who tabled the estimates in the House of Representatives, warned recently that the money for the increased wage bill would have to be found without upsetting the government's tight monetary programme and heightening fears of drastic tax increases.

As was the case last year, debt servicing represents the biggest burden on the budget, taking 35 per cent or just over $J14 billion.

Losses by the Central Bank will also account for 11 per cent or just over $J4 billion.

Education, which the government has described as its prime priority area in the social sector, gets 13 per cent while health, another "priority", gets 5 per cent.

National security, reflecting the recent more than 100 per cent increase in wages for all categories of the police force as well as the increasing demand for [words indistinct] crime problem, will receive 10 per cent.

The budget debate begins next week Thursday without the participation of the opposition Jamaica Labour Party (JLP) which is boycotting Parliament to press its campaign for rapid reform of the police force and the electoral system.

Drug Trafficker Linked to Cardinal Shooting Arrested

PA1006143593 Mexico City NOTIMEX in Spanish 1303 GMT 10 Jun 93

[Text] Tapachula, Chiapas, 10 Jun (NOTIMEX)—Hunted drug trafficker Joaquin "El Chapo" Guzman was reportedly arrested in this city during a joint operation in which members of the Federal Judicial Police and the Mexican Army participated.

According to preliminary reports, Guzman, who is viewed as a public enemy of society, was reportedly arrested with seven other members of his criminal band while trying to enter Guatemala illegally and from there travel to another place in Central America.

"El Chapo" Guzman is leader of one of the main drug-trafficking bands operating in Mexico and was being sought by Mexican federal authorities as one of the individuals responsible for the 24 May shooting in Guadalajara in which Cardinal Juan Jesus Posadas Ocampo and six other people were killed.

On that occasion, "El Chapo" Guzman managed to escape from the airport terminal where members of another band of drug traffickers were planning to kill him.

Attorney General Issues Statement

PA1006232193 Mexico City XHTV Television Network in Spanish 2013 GMT 10 Jun 93

[Statement by Attorney General Jorge Carpizo McGregor at the Los Pinos official residence on 10 June—recorded]

[Text] Drug kingpin Joaquin Guzman Loera, alias El Chapo Guzman, was arrested at approximately 1200 on 9 June. Guatemalan authorities turned him and five of his closest associates over to the Attorney General's Office, which was supported by Mexican soldiers who cooperated with efficiency and professionalism. The turnover took place at the Talisman International Bridge over the Suchiate River. The following drug traffickers arrested with El Chapo Guzman represent the most important members of his band: Martin Moreno Valdes; Manuel Castro Meza; Valdemar Escobar Barraza; Antonio Mendoza Cruz; and Maria del Rocio del Villar Becerra.

El Chapo Guzman had been operating a drug-trafficking network at the border between Chiapas State and Central America for several months. Thanks to increased international cooperation and information from the hemispheric information system, of which the Attorney General's Office is an important part, we detected the drug traffickers' activities two months ago on the border zone of Chiapas State. The Attorney General's Office increased its personnel in the state and exchanged information with Guatemalan and Salvadoran authorities.

The arrest of Guzman and his companions was possible because the Attorney General's Office provided the Guatemalan and Salvadoran authorities with photographs, personal information, and a description and the license plate number of the station wagon in which the traffickers were traveling. It was discovered on 31 May that El Chapo Guzman was on the border zone of Chiapas. An operation was launched and El Chapo Guzman and his group crossed into Guatemalan territory while being chased by Mexican authorities. There they were arrested by Guatemalan authorities. El Chapo Guzman and his group were transferred from Tapachula to Toluca on 9 June. They arrived at 1600 and were immediately taken to the high security federal prison of Almoloya de Juarez, where they were given a medical examination to verify their physical condition.

We took their depositions throughout the evening on 9 June and the morning of 10 June. While on board a plane in which they were being taken to Toluca, El Chapo Guzman stated before members of the Attorney General's Office and the Mexican Army, a statement he later affirmed in his deposition, that he did go to Guadalajara's international airport on 24 May because he was scheduled to board a flight to Puerto Vallarta. He said that when we was getting out of his vehicle, a Buick, a blue Century tried to pass on the right side. Since the Buick's door was open it obstructed the other vehicle's passage. He made a sign to the vehicle's driver to wait. Guzman added that Martin Moreno Valdez, who was accompanying him, warned him that armed men were getting out of several vehicles. These armed men immediately opened fire on Guzman and Moreno and Guzman managed to escape in a taxi amid the confusion.

Guzman also said he saw two of the Arellano Felix brothers and a white Grand Marquis behind his vehicle during the shoot-out. He now knows that Cardinal Posadas Ocampo was traveling in the other vehicle. He says he learned about it later from news reports. He also explained he had traveled to Mexico City the day after the incident. He remained there two days and then traveled by car to San Cristobal de las Casas, then to Ciudad Cuauhtemoc, Chiapas. El Chapo Guzman said Antonio Mendoza Cruz and Valdelamar Escobar Barraza, who were arrested with him, also accompanied him to the airport on that day.

Some aspects of the preliminary investigation have yet to be clarified. Based on what we know from the depositions, there is enough information to allow the Attorney General's Office to step up its struggle against drug trafficking.

The arrest of El Chapo Guzman and his companions represents a very important part of the overall investigation that is being carried out in connection with the murder of Cardinal Posadas and six others on that fateful 24 May. El Chapo Guzman's depositions essentially confirm the investigation results that the Attorney General's Office has been reporting concerning the death of Cardinal Posadas and those six persons. The Attorney General's Office is continuing with that investigation.

The government is fulfilling its pledge to the Mexican people to conduct a serious and extensive investigation, and the law will be strictly enforced against everyone involved in the homicides. The Mexican Government has proved that it is capable of reacting to the shameful actions that have shocked the whole nation, and it will continue to react with the necessary efficiency in these cases.

The current investigation proves that impunity and the lack of security can be stopped. Enforcing the law and abiding by the truth strengthens the state of law in our country. I reassert that the struggle against impunity will continue with vigor. No one is above the law. I pledge to achieve a better administration of justice for the Mexican people. Thank you.

Costa Rica

State Economic Council Examines Structural Adjustment Plan

PA1006191293 San Jose Radio Reloj in Spanish 0100 GMT 8 Jun 93

[Text] The State Economic Council examined the National Liberation Party [PLN] presidential candidate's position on PAE-III [Structural Adjustment Plan, Part III]. Jose Maria Figueres, the presidential candidate for the PLN, has said that he will not support the plan as it was negotiated by the government. It is this stance regarding the PAE-III that the council examined during its meeting. The government believes that ways can be found that will allow for consensus in the future about the structural adjustments plans, which are perceived as a priority in continuing with the government modernization plans. Presidential Minister Rolando Lacle said that the council is pleased that Figueres has maintained his support for the plan, thus helping to expedite the Legislative Assembly's work, and for the financial reforms bill, which the government also sees as highly important.

The government hopes to reach agreements with the presidential candidates on many issues. Presidency Minister Rolando Lacle affirmed that the government hopes to find concurrence on many issues with Jose Maria Figueres, the PLN presidential candidate, as well as with the Social Christian Unity Party [PUSC] presidential candidate, to be selected on 13 June. It will be necessary to reach an agreement and begin a political negotiation process in order to move forward with the economic reforms. The Economic Council said that the reforms package is based on the proposal put together by the Central Bank of Costa Rica. The reforms project was presented to the Legislative Assembly and is under discussion at a special commission; therefore, it will serve as the basis for a negotiation with the PLN.

The PAE in general is fundamental for the country's future. The Economic Council said that it is essential to continue with the PAE-III for the country's future. It is necessary to strengthen and consolidate economic modernization under generally good conditions. The presidency minister said that he hopes that as the weeks go by and with the discussions that will have to come, progress on such an important issue for the country can be made, in order for the program to be approved. The government has not advised if the PAE-III is subject to negotiation, although its approval by the World Bank would suggest that the plan cannot accept such substantial changes as those outlined by PLN.

The government will try to establish contacts with the presidential candidates of the majority parties. The presidency minister said that once the two majority parties have their presidential candidates, which will be on 13 June, the government will try to establish contacts with each of them to begin discussions on issues of national interest. Lacle Castro also denied the government is planning to privatize the National Insurance Institute [INS]; rather it is trying to do away with the country's insurance monopoly. Lacle said that the PAE-III, as agreed on with the World Bank, will be the basis for discussion, and therefore, the negotiation would focus on the program as is.

El Salvador

Canada Makes Donation to Human Rights Ombudsman's Office

PA1106025593 San Salvador Canal Doce Television in Spanish 0300 GMT 8 Jun 93

[Text] The Canadian Government has made two donations totaling more than $126,000 to the Human Rights Ombudsman's Office. The office had previously received $444,000 from the same source.

The donations will finance infrastructure projects and begin implementation of the (?Idostal) Human Rights Agreement signed on 11 November between the Guatemalan and Salvadoran institutions charged with protecting man's fundamental rights.

[Begin recording] [Fonseca, not further identified] A document will be signed for the delivery of $124,000 [figure as heard] to reinforce the Ombudsman's Office. The money will be used to pay for consultations and buy equipment. [end recording]

Dr. Fonseca said he believes it is a good thing that former Human Rights Ombudsman Ramiro de Leon Carpio's was sworn in as president of Guatemala because it opens new possibilities for institutions similar to the one Fonseca manages.

[Begin Fonseca recording] De Leon has truly fought for human rights. We believe that as president he will continue to protect human rights. Let us keep in mind that we signed an agreement with him to enhance the ombudsman's image in Central America. [end recording]

The Canadian consul agreed with Dr. Fonseca in that de Leon Carpio will defend human rights not only in his country but throughout Central America.

Guatemala

Former Vice President Takes Asylum in Costa Rican Embassy

PA1006154593 Panama City ACAN in Spanish 1459 GMT 10 Jun 93

[Text] Guatemala City, 10 Jun (ACAN-EFE)—Gustavo Espina Salguero, former Guatemalan vice president, sought asylum on 10 June at the Costa Rican Embassy here, official sources reported on 10 June.

The sources said Costa Rican authorities gave asylum to Espina Salguero, who for two days replaced former President Jorge Serrano by proclaiming himself constitutional president of Guatemala with the military's support.

The Costa Rican Embassy has not made any official statement on the matter but unofficial sources said that Espina may travel to Costa Rica on 10 June.

There is an arrest warrant out for Gustavo Espina, according to the Fourth Criminal Court. He is charged with 11 crimes, including violating the Constitution, inciting to rebellion, and embezzlement.

President de Leon Carpio Interviewed

PA1006163593 Guatemala City Teleonce Television in Spanish 0430 GMT 8 Jun 93

[Interview with President Ramiro de Leon Carpio by station reporter Willie Melgar in Guatemala City—live]

[Text] [Melgar] It is an honor for us to be visited by Dr. Ramiro de Leon Carpio, the constitutional president of the Republic, whom we cordially welcome. Doctor, it is a great pleasure to have you in our studio. We will immediately begin our conversation. I am sure all Guatemala is awaiting your appearance before our cameras. First, we would like to ask you how you feel right now about having this difficult and demanding responsibility, meaning the Presidency of the Republic.

[De Leon] I would say I feel satisfied, although I am hoarse from talking so much in recent days. This is certainly a great responsibility. When my children returned from abroad on 7 June—they had to leave for obvious reasons, meaning what had occurred—I told them we should feel satisfied. I hugged them and said: I think you should feel satisfied. Just like me, they feel a great sense of responsibility.

I told them: What happens in the palace and the government does not concern you, but you should feel a great sense of responsibility as I do. You must continue to live your life normally and do what you have to do; play, study, and so forth. This is very satisfying but it is also a great responsibility. I think this is a historic political moment in Guatemala. History has given me an opportunity and I accepted it as I should, but it is certainly a great challenge and a great responsibility. I believe that is how they should see it, meaning the satisfaction and happiness this represents.

I am human and I obviously felt pleased about being elected constitutional president of the Republic. Nevertheless, I reassert what I said about the responsibility, which I share with all Guatemalans. This is a great responsibility for me, and—hear me well—for all Guatemalans. We must all strive to make the country come out far ahead.

[Melgar] This has truly been an interesting series of events; that is, the way things happened, how one situation followed another, and how the authorities arrived here in your house. We still have the footage of that. It must have been very difficult for you. We will now refer to public administration issues, Doctor. Some say Guatemala can only be ruled by a strong hand. Can a human rights ombudsman par excellence rule without this strong hand?

[De Leon] Yes, of course. I think law enforcement has become confused with what is referred to as a strong hand. I was educated within the framework of the law. I respect the law and law enforcement without distinction. That means we need neither authoritarianism nor the ill-named strong hand. Instead we need to enforce the law equally without discrimination according to (?privilege), hierarchy, wealth, and so forth. The law must be enforced on everyone. That means being aware that the law must be enforced all the time, even if it is severe.

That is not the same as a strong hand. A strong hand is a dictatorship, tyranny, and in that respect I do not think I could live with that (?mentality) or attitude and I must not. The law means clarity. I recall that on many occasions I said that the ombudsman should have these basic characteristics: clarity in [word indistinct], cordiality in his formal actions, and yet a great deal of firmness. I think that of these three [words indistinct] things, that is cordiality regarding dialogue and being able to coordinate forces and so forth and yet firmness in my decisions. I am no longer the ombudsman. I am the president of all Guatemalans. I think as president I should maintain those three characteristics. There must be a great deal of cordiality and willingness to hold talks. There must be a great deal of coordination and openness so the problems do not grow. At the same time, however, I must have a great deal of firmness in my decisions and to enforce the law, which is my constitutional duty.

[Melgar] The things you mentioned are very important and lead me to another question. It has to with the stance you took as ombudsman when you were trying to bring opposing sides together to reach a general agreement. Will you adopt the same stance now that you are president? The question is: Where does one draw the line between the stance of the ombudsman and that of the president? Can we say you would call the opposing sides together whenever a problem arises to reach an agreement? Will you adopt that stance?

[De Leon] Yes, indeed. I believe I have interpreted the will of the people that has been imposed on this president. I seek to be a conciliating president, a statesman.

[Melgar] Would you like to elaborate on the statesman aspect, Mr. President? I think it is important because it is another one of the conditions you mentioned and it is of great interest to the Guatemalan people.

[De Leon] Of course, certainly. In political terms, it is not the same thing to be a president, a head of state, a head of a government, and a statesman. The statesman establishes the state and becomes an expert in how it operates. [Words indistinct] fortunately during my

public life I have had the opportunity to work in the legislative branch, the judicial branch, and even in the executive branch in two or three institutions. [Words indistinct] to be a statesman. No, I plan to be a statesman as of this moment. As I said before, that means creating conditions that will keep the issues that will surely turn up—because in every nation there are problems—from getting so out of hand that we cannot solve them later. Let me cite the student [words indistinct] as a recent example. How is it possible that an issue such as that, which could have been solved from the very beginning, turned out the way it did? I believe that is more or less the idea.

[Melgar] Were there any [words indistinct]?
[De Leon] Yes, there were opportunities for a dialogue that I disclosed. From the beginning [words indistinct]. The various state institutions will receive the mandate from the president of the Republic to participate in dialogues [words indistinct] within the framework of national dignity measures. As I said in the beginning, I have been able to interpret the mandate received from the Guatemalan people....

[Melgar, interrupting] The voice of the people?
[De Leon] That is correct. If I, who was [words indistinct] precisely to contribute with flexibility, authority, intelligence, and firmness but always advocating cooperation and harmony between both parties. That was accomplished recently with the return to a state of constitutional order. For the first time in a very long time all sectors and productive forces in the country such as the Army, businessmen, community leaders, university students, and religious sectors joined forces in a common cause. All the country's productive forces joined in a single entity. That is what we [words indistinct]. Thus I am going to take advantage of this to be a president or a statesman who is determined to get cooperation from all state institutions. Before anything else I am going to try to promote dialogues, openings, and [words indistinct]. Every country has problems like strikes, protests, work stoppages, and so forth. Naturally [words indistinct] and that is what I plan to do. I plan to promote harmony, equilibrium, and to be a catalyst, one who really brings about a dialogue. I plan to work in that direction and to meet with representatives from all sectors. Absolutely everyone has expressed their wish to participate in this great national agreement, this national commitment.

[Melgar] As for the Army that [word indistinct] during certain phases that are still recent, do you think your administration will enjoy the support of the armed institution?
[De Leon] Of course. Evidence of this is its attitude toward me since I was sworn in and took office as president of the Republic.

[Melgar] What happened when we started our noon program? It was said, President, that you had proposed a certain military figure to occupy a strategic post ....
[De Leon, interrupting] There was no proposal.

[Melgar] There was no proposal. [Words indistinct] another name. We understand there was some sort of negotiation?

[De Leon] That was not how it happened. Let me explain. I went to the president's office for the first time today, because I worked from my residence yesterday and after assessing the situation carefully I thought it was advisable to make a decision. I summoned the defense minister and the national defense chief of staff and told them about my decision. I discussed with them the changes involved in my first decision [words indistinct] but there was no negotiation. We exchanged views while respecting their hierarchy because that is how it should be.

Throughout Guatemala's history there have been rulers who did not respect the order and hierarchy specified by the basic law. That disrespect creates discontent and distrust in an officer who is building a military career and is seeing appointments that do not meet the established qualifications, that do not respect the hierarchy. Thus there were no proposals, no negotiations.

I, with the cordiality and personality I think I have, simply notified them [words indistinct] that Defense Minister Garcia Samayoa would be replaced [passage indistinct] deputy national defense minister that I already appointed [words indistinct] as a normal occurrence. Today I will appoint Colonel Perez Molina as my chief of staff...

[Melgar, interrupting] [question indistinct]?
[De Leon] This is the [word indistinct]. I think it is good and I am glad you are asking the question because [passage indistinct]. I think I have correctly interpreted the Guatemalan people's aspiration to preserve stability; to maintain this level of trust in the institutions that make up the Guatemalan state. In this case, in the armed institution that is part of my government [passage indistinct] consistent action.

The current circumstances are an accurate reflection of the country's real situation. My main obligation now is to consolidate the democratic process, and part of that consolidation [passage indistinct] meeting with all the commanders to exchange views and brief them on the philosophy and general policies of the president of the Republic. I will also be visiting military zones. I used to do that as human rights ombudsman and will continue to do it as president.

[Melgar] When you served as human rights ombudsman you maintained a specific stand toward the [word indistinct] patrols. What will your stand be now?
[De Leon] I think it is the same. I remember [passage indistinct]. It was said that they fulfilled their work. On that occasion I said that militarily speaking it has [words indistinct]. We must note that their work has stopped the advance of subversive groups. I remember that the defense minister at that time said those who oppose the operation of patrols were unaware of the military work they were carrying out [words indistinct] advance of subversive groups.

The military authorities shared my opinion in that regard. I pointed out the need to control abuses by the chiefs and [words indistinct] and on many occasions we emphasized [passage indistinct] from the standpoint of the responsibility of the Defense Ministry and to a certain point [words indistinct] abuses.

My stand in this case is that there is a need to establish in the political Constitution and [words indistinct] of the freedom of association [words indistinct]. The Constitution states that no one can be banned from joining [words indistinct] this is part of the training being given to patrol members [words indistinct].

[Melgar] You might remember that days ago there was a demonstration in the countryside when there was a discussion of [word indistinct] committed by members of civilian self-defense patrols. One might think that in one sense they are against human rights. As for the people who join those organizations, they are not really as [words indistinct] I would say... [Melgar, interrupting] I would like to make a comment. I think [words indistinct] ombudsman [10-second break in reception]
[De Leon] [words indistinct] we realized that there could be many cases —we would have to count and assess them—where the direct and indirect [words indistinct], but there are many cases where [passage indistinct] not just the volunteers, since they like to [words indistinct] peasants feel powerful, they like it, they (?conduct negotiations) on those points. They want to know...

[Melgar, interrupting] That creates a social phenomenon.
[De Leon] Of course.

[Melgar] That is what we would have to prevent at some time. You have someone who has devoted his entire life to farming and has lived a simple life, and then he is given a weapon and told he has the power to control a certain group and defend a certain sector, so it is possible that he could forget about some precepts [words indistinct] and act rather arbitrarily. That has happened before. Mr. President, the important thing would be .... [pauses] What is your stance? Will you change the behavior of the civilian patrols? I understand [words indistinct] the presence of this social organization is justified or can be justified by the need that exists in some zones. However, are we creating a [words indistinct] this is highly debatable. Perhaps if we reach those sectors with another kind of program, we might keep from going to such extremes.

[De Leon] I would like to tell you an anecdote. One time I went to a town in Chichicastenengo Municipality to do some work related to the patrols. A member of one of those patrols gave me his views. We had a cordial conversation and he told me: To me the really important thing is to have this rifle. By the way, that trip [words indistinct] and that experience made me think about an interesting philosophical debate. He said: It does not matter whether one carries the rifle on the right or left shoulder, the important thing is to carry one. I was deeply impressed because at any one time it indeed means he can control [words indistinct] a fact remains. We have a domestic armed conflict. A counterinsurgency strategy exists as in any country where there are subversive groups. As you said, [words indistinct] have been used militarily, but this strategy has really worked for the Army. I would say the [word indistinct] is interesting, because I can say there is a [word indistinct] organization. I have seen it up close. It would be really interesting if the minute peace—or at least the absence of war—broke out, those representative groups continued to exist, as I have often asked. They should become involved in development matters in their communities because they are well organized. It would be very interesting for the social, peasant, and Indian groups [words indistinct] of course, some may be a little afraid of those organizations. But I think, however, that it is part of true democracy. They have learned to develop and defend themselves as a community and could become very useful to the economic and social development of their [words indistinct]. It would then be interesting to see if those groups were established enough to defend themselves, as is happening in Guatemala City. There are groups set up to protect themselves from criminals. I remember during the earthquake that we got together in the area near Najapa to protect ourselves from looters and criminals [words indistinct].

[Melgar] [words indistinct] but that is not their duty. The idea, all the more so now that [words indistinct] the basic thing is that each organization should [words indistinct] the protection of citizens and interests of the country falls upon certain institutions. I would say [words indistinct] we must maintain that difference.
[De Leon] Yes, we all expect that.

[Melgar] Speaking of that, will you continue with the peace process? If so, what changes will be made regarding the policy [words indistinct] the previous administration?
[De Leon] At this point we should note that the conditions that existed 20 days ago are not the conditions that exist today. That means [words indistinct] peace process be [words indistinct] by the current president of the Republic of Guatemala, but I think there are aspects that should receive priority.

It is regrettable [words indistinct] armed confrontation [words indistinct] human lives of Guatemalans that are at stake. [Words indistinct] regrettable from the human standpoint, but the current conditions and priorities at this time—I repeat—the conditions at this time, how are they going to be created? I hope, as I have analyzed this matter, that the process will be facilitated [words indistinct]. I reiterate and clarify that it is not that I do not think it is import, but the mandate was received at this time [words indistinct]. Now that we are talking about peace again, I have a great advantage as the current president of Guatemala. Not only will the Army sit down to hold talks [words indistinct] process, but I will try to see that the entire Guatemalan nation is represented in

this great accord that I am trying to maintain, namely, the return to constitutional rule.

This will facilitate and [words indistinct] attain peace to begin working on economic and social peace, which are even more difficult to achieve. I think the very fact that until recently I served as human rights ombudsman and later became constitutional president changes the picture considerably. I think it will be perfectly understood by those in both the Guatemalan National Revolutionary Unity [URNG] and the government.

[Melgar] Speaking of that, do you perceive political willingness on the part of the URNG to attain peace?
[De Leon] That is something that I noted as human rights ombudsman. Sometimes both parties showed an essence of real political willingness to attain peace. I think that in every conflict of this nature, [words indistinct] there are warmongering or negative sectors, so to speak. There are inflexible sectors and sectors [words indistinct]. This happens in every institution, sector, and process.

Sometimes it appears as if the unyielding sector, so to speak, in this case the URNG, does not have real willingness to attain peace. [Words indistinct] but not real willingness [words indistinct]

[Melgar] [question indistinct]?
[De Leon] Then it is possible that the strategy and tactics that will be used [words indistinct] and the successes [words indistinct]. They would have to ask themselves if the process [words indistinct] has been appropriate or not. These are all questions that accumulate when the situation is politically analyzed. But now there is a new situation. That is the important thing. And the willingness....[pauses] I, as president of the Republic, can state that the government over which I preside has political willingness to attain peace.

What I cannot know now—I will find out later—is the political willingness of the URNG. But I am convinced of my government's political willingness to attain peace [words indistinct] Guatemalans. [Words indistinct] know and confirm under these conditions if there is political willingness on the part of the URNG.

[Melgar] To begin dialogue with [words indistinct] there are various reactions to your position as president of the Republic. The international community and an OAS session in Managua have reacted to your taking office. How do you see international reaction? Were you aware of it?
[De Leon] Yes, of course, yes. By the way, it is a very satisfactory reaction for all Guatemalans.

First I must acknowledge the international community's very timely and overwhelming rejection of the coup d'etat, which in addition to the efforts of all the sectors—the national news media, clergy, business, labor and popular organizations, universities, everyone—unquestionably influenced this [word indistinct]. All the sectors totally, immediately, categorically, and decisively rejected the coup. The international community also expressed its immediate rejection; their reaction was very favorable and I am satisfied.

You should read, for instance, the cables from Washington and its admirable reaction. The international community immediately proposed to eliminate the barriers that had been created. The cost of the coup d'etat includes barriers against the export of our products, a reduction of international aid and tourism, and many other things.

As for the OAS meeting in Managua, I was informed by the president of the [words indistinct] of Guatemala [words indistinct] representative and delegate [name indistinct], who submitted a report and talked about the possibility of continuing to review the report on Guatemala, especially with regard to the investigation of what happened and the current situation in [words indistinct] the closing of the newspapers. This represents the recognition of the international community for the Guatemalan people, who have begun to appreciate their democratic system, despite the mistakes, not so much of the system, but of those who have applied it.

Despite this, the Guatemalan people, in a simple manner but showing great maturity, through the representatives of the various sectors, succeeded in getting out of the abyss into which we had fallen, difficult as it was because of the institutional and political obstacles encountered in other nations—and this is very important—without shedding a single drop of blood. This should serve as an example for the community, particularly Latin America. The most impressive and satisfactory part of all this is that, as Guatemalan president, I have received, not only the elimination of the barriers and economic aid, but the possibility of an increase in economic assistance. This is what I requested on the day I was sworn in.

[Melgar] And what the people expect also, because [words indistinct]. Many people say that now that there is a new president, foreign aid will flow into Guatemala and this will create new production means. Can we rely on this?
[De Leon] Of course, yes, but I wish to clarify this. I wish to seize this opportunity to make a clarification: This does not mean all our problems will be solved immediately. We must also contribute our share. It would have been terrible if economic aid had been cut off [words indistinct] not have so many expectations. The people should not have so many expectations [words indistinct] economic aid.

In this regard I think I have the advantage of not having offered anything yet, thus, I will have to present a realistic program and implement it from the government without creating many expectations. This is a problem I perceive very well and understand it. That is, [word indistinct] with popular support could create expectations that there will be more housing, that health care will improve, that there will be more hospitals, that there will be more food and work [words indistinct] which will

the priority political [words indistinct] social actions, policies to ensure citizen safety, and so on [passage indistinct] with honesty to allow the media and citizens to criticize [words indistinct] in a very simple way: I will reveal the things I will do in various areas and will progressively [words indistinct] second, what we did, and third, the result. If the result turns out to be negative I will await the criticism of media and the people to [words indistinct] fulfilling my duties.

[Melgar] As for the OAS meeting in Managua, we understand you were invited to attend. We also understand U.S. representative Bernard Aronson, assistant secretary of state, and the assistant secretary for Latin American Affairs, will attend that meeting on 8 or 9 June.
[De Leon] [words indistinct] of U.S. Government representatives, that is, the general assistant secretary of state and the assistant secretary of state for.... [Melgar, interrupting] Latin American affairs.
[De Leon] Yes, Latin American affairs. The two will arrive expressly for a visit [words indistinct] their presence reflects the support of the U.S. Government headed by President Clinton [words indistinct] blow on the institutional and democratic system. This certainly reflects support and I will seize this opportunity to discuss with them the needs and most important aspects [words indistinct] I will be away from Guatemala for about seven hours to deliver a speech at that meeting, however, I [words indistinct] and I will back in Guatemala with the satisfaction of having spoken out [words indistinct].

Well, this is part of the support received from the international community. Today I met with Mexican Foreign Minister Fernando Solana, who came to ratify what the president had said.

[Melgar] [words indistinct], right?
[De Leon] Yes, President Salinas de Gortari (?called) on 6 June to state the Mexican Government's and people's satisfaction. We talked at length and one of the things he said was he admired—and he believed the whole world also did—the way in which the Guatemalans had been able to achieve a solution without bloodshed and within a constitutional framework. [Passage indistinct] his satisfaction so it may encourage us and motivate us.

[Melgar] [question indistinct]
[De Leon] That is right.

[Melgar] A problem that has bothered the Guatemalans for some time is the issue of electricity rates. You proposed a solution when you were human rights ombudsman. Will the situation continue? How will you... [pauses] do you think you can settle the issue?
[De Leon] There are two issues involved here. One, when I was human rights ombudsman I used—according to the authority granted by the Constitution to the human rights ombudsman—administrative and legal actions [passage indistinct]. In this case I filed the appropriate amparo writ because people were charged more than the authorized rates. I filed the appropriate an amparo writ and.... [Melgar, interrupting] [words indistinct]
[De Leon] Of course. It was a provisional amparo writ but it managed to achieve our goal—to divert an imminent (?threat) that resulted from an illegal action against the people. The rate was legally authorized [words indistinct] high rates. This was a provisional action, meaning this will not solve the situation. [words indistinct] the problem is terribly complex. [words indistinct] what the human rights ombudsman sought at the time by saying we should return to the 1991 rates [words indistinct]....

[Melgar, interrupting] [passage indistinct]
[De Leon] He had to invoke something, and that logically would have to be the tariff in effect immediately before that, which was in (?1986) [words indistinct]. That regarding the [words indistinct] aspect.

The basic issue lie in the constitutional authority [words indistinct] the Congress to design this solution, not on an initiative presented by the ombudsman or the [words indistinct], but as a contribution by which they pointed out the need to solve this issue in a permanent way by going to the root of the problem. [words indistinct] and tried to [words indistinct] the feasibility of direct subsidies [passage indistinct] and we would have to find where to get the necessary funds.

[Melgar] Would you be willing to maintain the current subsidies for electricity service?
[De Leon] In a direct way, yes. I believe we have already reached that conclusion. There is a [words indistinct] report on that. I think the important thing at this time is not to take the wrong measures. If we do not take the right measures today, in three years we will be in a very desperate situation where electricity is concerned. There must be some sort of solution. Now, this means that we will have to have real tariffs, at some time, but without punishing a community that is already working on a tight budget.

[Melgar] Excuse me, Mr. President, what happens is that [words indistinct] incongruent that being the human rights ombudsman, an amparo recourse was filed in favor of the citizenry, the society, aimed at stopping the increasing electric rates—without going into technical matters—so that the people could feel economically alleviated. I believe, now that we have technical knowledge on this matter, that the population [word indistinct]. They are definitely suffering the economic harshness of the high cost of living, which is difficult to [words indistinct]. Therefore, it is important [words indistinct]. It may be premature, but I believe the people hope that those measures that were proposed at a given moment through the human rights ombudsman's office, may now be established firmly. However, of course, [words indistinct] the unions spoke even of the behavior of leaders and administrators of the electric enterprise and of the INDE [National Institute of Electrification], there has been much talk, many things have been said. In the end, in reality, their behavior does not matter, whether it is

dishonest or deceitful, but do you have a specific position with regard to the new administration of these institutions?

[De Leon] Up to this moment, I repeat, there are [words indistinct], one to stop [words indistinct] and the other proposing to the Congress of the Republic the creation of a commission. In that sense, [words indistinct] precisely to analyze the topic, such a complicated problem, and to have the participation of the sectors that could contribute solutions in a realistic manner and not with demagogy or lack of realism [words indistinct].

In that sense, my position is now exactly the same, except that now I have the possibility of having the pertinent information and [word indistinct] in hand and understand the complexity of the problem.

In that sense, I have immediately asked for a report, and I believe that the [words indistinct]; that is, the human face is beginning to be seen, the social face. That is why I said that one cannot punish a people so much. It is difficult, because even if a formula has been found that is not simply [word indistinct] would be terribly damaging for the future, to see the disaster in five years. [Words indistinct] in this regard, I recalled the state's obligation to support the [words indistinct]. I also hope that [words indistinct] not just to look good before the people. I believe that a solution has been found. The Energy Commission, the president the Republic, as well as representatives of diverse sectors had already found a solution. I [words indistinct] that idea because precisely on 25 May, when the coup was staged, [words indistinct] at the Congress. Fortunately, I think that problem will be solved shortly. It does not matter if we have to wait a while to find a solution as long as it is for the well being of the people of society in general. [Words indistinct] otherwise community will not [words indistinct].

[Melgar] What could be tied into your previous statement Mr. President, is that on day you took office you said [words indistinct] state against poverty. The citizen has to [words indistinct], implies a marked inclination [words indistinct] poverty. How are you going attack this poverty? [Words indistinct] undeniable, because poverty is [words indistinct]. Do you have a program? What are your plans?

[De Leon] We would have to start by reducing the high poverty level; approximately [number indistinct] percent of the population lives in poverty and approximately [number indistinct] percent live in extreme poverty. In this regard, we would have to start by implementing measures that at least would halt the [words indistinct] poverty. This is why I [words indistinct] poverty. We must begin by eliminating this poverty. How are we going to do this? I am going to present the first steps to be taken and I repeat what I said a minute ago: one cannot expect to eliminate poverty from one day to the other, [words indistinct] would be totally irresponsible. It is important for the community to realize this; it must not have false hopes [words indistinct]. If you will excuse me, I do not want to go into details now because we are working on this. [Words indistinct] to fight poverty and above all [words indistinct] continue with this same policy, [words indistinct] the recovery of economic report [words indistinct], so that the remedy starts its effects [words indistinct] total recovery. [passage indistinct].

[Melgar] During an interview we held with President Serrano, we brought up the issue of beggars on the streets; we brought up the issue of [words indistinct]. He responded quite annoyed. Immediately thereafter he mentioned the social work that was being implemented. It was precisely then when your name came up and he said: The truth of the matter is that Ramiro de Leon has presidential aspirations, etc. He recalled you then very clearly because [words indistinct] key issue of [words indistinct] poverty, beggars [words indistinct].
[De Leon] [passage indistinct] we are discussing this [words indistinct].

[Melgar] Going back to administrative issues, do you have a vice presidential candidate and who is [words indistinct]?
[De Leon] Fortunately for me, in this predicament in which I find myself 48 hours after I received the Presidency [passage indistinct]. In many countries [passage indisinct]. But, in our case the new Constitution grants [words indistinct] in general the nation's political responsibility [words indistinct].

We have taken note of that and, of course, we must think of three people who meet certain conditions, qualities, [words indistinct] and are suitable to work with the president of the Republic.

[Melgar] Tonight you are accompanied by (Luna Troccoli) who has said that he is already a member of the cabinet. Would you explain his position to us?
[De Leon] Yes. I asked (Hector Luna Troccoli) to work with my government in the very important position of general secretary of the Presidency. Fortunately, for my government and fortunately, for Guatemala, given the attributes and qualities shown by (Hector Luna Troccoli) in the legal profession as a deputy....

[Melgar, interrupting] Parlamentarian....
[De Leon] Yes, and an excellent congressman. He is very learned, he was a journalist, and he accepted my offer. Therefore, he will be requesting leave from Congress and he will start working as general secretary over the next few days [words indistinct].

[Melgar] Are there serious threats against the consolidation of the government that you will head? Threats like drug trafficking, the degradation of forests, etc.?
[De Leon] This question reminded me of when I taught constitutional law and students would ask me about the trial that was under way at the time against President Cerezo's government. I would tell them that in Latin America's fragile democracies [words indistinct] there was always a sort of [word indistinct] for transition. What we are doing is walking on the rungs of a very fragile bridge, a bridge that does not meet the requirements of real democracy. This moment is one of those

rungs. This is the second government elected [words indistinct] the short term that ended due to reasons of which we are all aware. In this sense we have a formal democracy.

The idea is to (?achieve democracy), to have criticism. [words indistinct] we understood how democracy has been consolidated in countries like the United States and the European countries, but it has taken us many years, difficult years marked by numerous vicissitudes. I would say when I was teaching [words indistinct] that the Latin American bridge is fragile. It is constantly torpedoed by corruption and drug trafficking. [Words indistinct] drug trafficking because, fortunately, consumption is not yet a serious problem but it is a problem. I call it a monster that (?affects us all) [Words indistinct] that is why I said this is what is constantly torpedoing [words indistinct] the biggest enemy of democracy. There are a series risks and dangers that are constantly torpedoing this [words indistinct]. My answer in this respect is: Yes, the danger exists, and [words indistinct] so that in a period the effort is consolidated, and we can reach the other side of the river we are crossing to be able to live in a real democracy that is totally consolidated and [words indistinct] countries with consolidated democracies have gone through two world wars, have [words indistinct] half a century; their presidents have been murdered, have had serious problems. You know to which countries I am referring. Watergate and Irangate scandals have taken place there. Nobody has thought of staging a coup in that country. Nobody has thought of disrupting the constitutional order. In fact, (?democracy) has been strengthened [words indistinct] credibility exists in the institutions. This is precisely one of the tasks ahead of me. I want to give prestige to the institutions or contribute to it and so must those who make up those institutions. This is an advance of democracy; that is what makes democracy strong. The United States and Europe cling to their institutional order and to their institutions. That also happens because the institutions are efficient.

[Melgar] A few minutes ago, you mentioned something that is very important for all Guatemalans to know. First, you mentioned credibility. A recent poll revealed that a high percentage of Guatemalans do not believe in their institutions. It is said this is caused by the high level of corruption in some sectors. How do you plan to attack this human behavior? We have reached the extreme that the people joke about it when they say: Someone is a friend of the president so he is likely to get a job as [words indistinct], customs chief, immigration chief, purchasing chief, etc., etc.

Many public figures have held those jobs and have improved their financial situation [words indistinct] I would like to know.... [pauses] The truth is that anybody going to a state institution finds thousands of problems. I think this has [word indistinct] professional ethics, but a behavior that all public service sectors should have. How are you going to react to such a acute problem that Guatemalans have to endure every day?

[De Leon] That is a very serious problem in Guatemala. Corruption, we must sincerely admit, is enrooted at all levels, in both the public and private sectors. Of course, we must fight against it with our attitude. We must start by being an example for others. I will mention some of the measures I would like to implement. First of all, I will declare my properties and my family's patrimony. I will also demand that cabinet members do the same. How many times has this been done before? I do not want to return to the past, but I remember that [name indistinct]....

[Melgar, interrupting] Pardon me for interrupting, but when you say I do not want to return to the past, you bring up a very important question regarding present and past corruption. Corruption in the past produced patrimonies for certain sectors. Will there be any action on your part, or will you simply deal with the problem as a crime to be handled by the Attorney General's Office, or will the president of the Republic become involved? This is very important [words indistinct] with regard to well-known local politicians who occupy high administrative positions. Although the community knew where they stood financially when they assumed those positions, when they leave their posts they are in an excellent economic position. Therefore, people are wondering if this situation is going to continue and if those persons will go unpunished [words indistinct]?

[De Leon] It is not easy. It is a very complex problem for many reasons. We must be realistic at this time. It is difficult, really difficult to try and take legal action against.... [pauses] which would the ideal thing to do, and that is the responsibility of the Attorney General's Office, as you said. People should receive a satisfactory answer, precisely because of the poverty that exists. People who are extremely poor and know that some individuals are fraudulently acquiring millions of quetzales become desperate and angry. Fortunately, our people have been remarkably patient, but in reality—as we say in Guatemala—their tears are made of blood.

In that sense, the ideal thing to do would be to punish all those who were corrupt in the past and who are guilty of illegal enrichment. However, it is difficult. I am realistic. Not just now as president of the Republic, but always. What is important in this case [words indistinct] as president of the Republic is praising the good attitudes and being an example for others.

I will give you an example [words indistinct] as I said at the beginning of this interview. The first [words indistinct] has absolutely nothing to do with [words indistinct]. I was elected president, and the position of first lady does not exist. My wife is the president's wife, but she does not have to engage in certain activities. She can, if she wants to, but I think her role as the president's wife is more than enough as to her responsibilities [words indistinct] without having to do certain things that could be handled perfectly well by other institutions or persons. I will mention these two or three examples because these are some of the formalities people do not agree with. While on my way here, I was telling one of the staff

officers that we must eliminate the [words indistinct] and use vehicles only when necessary for security reasons, because people do not like that. They do not like to see long motorcades passing by; they do not like it. Of course, there are times when this is necessary; for example, today I was in a hurry because I was behind schedule. It can be done when it is deemed necessary or urgent.

The discretion, the simplicity, and humility, however, are.... [pauses] At least I have been that way and [words indistinct] also because there is no reason not to. These are the sort of things that the people like. Sometimes, the common or simple things are the ones that harm a leader the most. Take traveling, for instance. There is no reason for me to be traveling. Tomorrow, for instance, I will go to Nicaragua to [words indistinct] the country, because it is necessary. I will only go outside the Central American region, however, if it is truly necessary. If the Foreign Ministry is strengthened and diplomatic relations fulfill their role, and considering the support the international community has given the president and the government, there is no need to travel.

If it is necessary, I plan to do it in the most [word indistinct] manner. The president of a poor country has to act in line with reality. In this respect, because of the circumstances under which I took office, there were receptions at the palace or major expenses....

[Melgar, interrupting] No expenses.
[De Leon] In my case, I had to meet with a large number of people who arrived and are still arriving. Because of [words indistinct] I am not saying this to receive applause. I prefer to set the example, change things. You mentioned credibility. And (?this is what is required to have credibility). In case of [word indistinct] or deceit [passage indistinct]. I said this when I was already the president. In other words, I am not offering [words indistinct], and when it comes time to review the budget, I will ask the Legislative Branch not to [word indistinct] that budget allocation.

I think the people like this. However, it will not resolve the deep problems [words indistinct) the millions earmarked for the social sector. We will see later.... [pauses] There are so many needs that the resources are insufficient, but we must logically think of the hospitals.

[Melgar] Returning to the topic of corruption, the citizen has to be in contact with administrative offices every day. Do you have a policy on a professional code of ethics or conduct that will be implemented? I am referring not just to state offices but also to the security corps and the National Police. Will there be a change in their behavior? Will there be a new behavior on your part?

[De Leon] Yes, that is what we are seeking, of course. Fundamental ethics in any profession or occupation.... [pauses] Ethics does not mean being inefficient, [words indistinct] (?to be responsible). There is confusion on this, which is why one often hears the attorney general [words indistinct] defended crime in Guatemala. That is not so, the [words indistinct] enforcing the law. He has the legitimate authority and is entitled to act, but, of course, based on appropriate coordination so that if one authority is going to arrest someone who does not have [words indistinct] or arrest a group of traffickers, he must act with the appropriate [word indistinct]. That is part of the training needed and part of a plan. In general terms, [words indistinct] you mentioned have a legal and moral system, which must rule the actions by [words indistinct] I do not think about it, because [words indistinct] is above the law or must be above the law. That is not so. Public officials, beginning with the president, serve the nation. The president serves the people of Guatemala, and must serve the people of Guatemala and not be served by them.

[Melgar] That is true. Adding to an earlier question, will all the former officials involved in acts of corruption be prosecuted [words indistinct] the Attorney General's Office? How will this end up? [passage indistinct].
[De Leon] I am a man who believes in the law; a man who believes firmly in its application. Currently, as president of the Republic, I have a constitutional mandate that requires me to comply with the Constitution and the law and ensure enforcement of the law [words indistinct] it is not a matter of me deciding whether I will do this. I must comply with the mandate of ensuring the law is applied, that the law is enforced.

Of course, I should do this while respecting the independence of the branches which is what [word indistinct] modern constitutional law while respecting the interrelation of duties among state organizations. I respect profoundly the exclusive authority of judges and magistrates of (Tulua) and [words indistinct]. My obligation is to [words indistinct]. I have a legal and moral obligation to [words indistinct] without revenge because this is a different situation. I already told you....

[Melgar, interrupting] On 6 June a union member at the central park said: I urge the president to clarify the revenge issue. It is not a revenge but a matter of applying the law to all who have been corrupt. I would like to shed light on this. Do you think [words indistinct] but complying with the mandate that you as president should also ensure compliance with the law and demand the presentation of reports by state administrators?
[De Leon] [words indistinct] public prosecutor's office.

[Melgar] [passage indistinct]

[De Leon] That is correct.

[Melgar] But the Public Prosecutor's Office could be ordered to investigate [words indistinct].
[De Leon] [passage indistinct] When you speak of a revolution, of a movement, of the resurgence of a nation, and of a change, some people want heads to roll, [words indistinct] a witch hunt. This is something the president of the Republic cannot do. [Words indistinct] to try to calm people down. The president of the Republic should not contribute, with his actions and his speeches, to stirring up the spirits of the Guatemalan people. That

cannot be because instead of solving problems, we would be contributing to an outbreak of violence.

I was elected constitutional president of Guatemala with a mandate [words indistinct] I represent national unity. Thus, within the framework of the law, while respecting the autonomy, liberties, and independence of organizations [words indistinct] we would spend who knows how many years investigating and we must be more practical in this regard.

I heard the statements by the union leader. I respect him tremendously. I think he voiced the [word indistinct] of the Guatemalan people. He could have criticized all those who have grown wealthy through illegal means, all those who have done so much harm to Guatemala [words indistinct].

We must be realistic [words indistinct]. I think Guatemalans are (?ready) for a reconciliation. Perhaps for some it is difficult to forget moral and physical wounds or a loss of life. This is very difficult but reconciliation is [words indistinct]. Guatemalans are educated in Christian principles; Guatemalans are a Christian people par excellence [words indistinct]. At a given time, of course, hatred and violence could emerge, but [words indistinct] without leaving the legal framework and application of the law, which should be universal [words indistinct] sit down and say there is need for reconciliation [words indistinct], to paraphrase a popular saying, the president of the Republic cannot fan the flames that are already burning strongly.

[Melgar] Your explanation is reasonable, but I have to disagree. Based on constant calls we are receiving, the public also expects some action in that sense. The meaning of the word pardon is sometimes distorted. Perhaps enforcing the law is more important. As you just said, the Attorney General's Office will have to determine if it is applicable or not for some persons, based on the existing evidence. Just forgetting about it....

[De Leon, interrupting] I was not talking about forgetting. I was talking about pardoning and reconciliation. I would like to add something. There is a means, which is of great importance, and that is the National Coalition Consensus, in which all sectors and active forces in the country are represented. An agreement has already been reached, [words indistinct] which is important because [words indistinct] prefer a legitimate means to a legal means, because it represents the people. I was informed on 7 June that this organization requested a meeting with me and (words indistinct] which of course I already accepted. I will ask them to [words indistinct] to the president of the Republic. In that regard, I want the Guatemalan people to know that [words indistinct] without interfering in the actions of other institutions and the independence of the other government branches. I believe people need and deserve that. Naturally, the president's attitude must be conciliatory. This country has [words indistinct] there has been hatred, destruction, death; there is a culture of terror, death, corruption. All this must be eliminated, but it cannot be done overnight. I believe attitudes and changes must [words indistinct] establish precedents. In that regard, I am willing to adopt that attitude and [words indistinct] a few days ago [words indistinct] in a civic action, interpreting the people's clamor. They wanted those responsible to be judged and punished.

[Melgar] I recall that when the authorities arrived at your residence and tried to tell you that their intention was to protect you, you said that with protection of that kind you did not need any enemies. Those were very significant words which I believe could be a starting point toward delivering justice.

Mr. President, we are about to conclude this interview. Would you like to add anything?

[De Leon] Yes, of course. I would like to take advantage of this opportunity to tell the Guatemalan people it is necessary to recover credibility. I ask people to have confidence in the Guatemalan president, to give me some time. It is not possible for me to prepare a government plan or organize my cabinet in a few hours. I would be acting irresponsibly. It is important that people begin recovering the credibility they lost. Unfortunately, this occurred due to factors we have discussed here frankly and openly. I ask the Guatemalan people to have confidence in me, to give me time, which I think is just and reasonable.

I also want people to criticize me. I want to be constantly criticized particularly through the national media and other means. I will be a president—as I have already shown—who is willing to listen, review and discuss problems. I like to do this freely, and I will speak before the media as many times as necessary, because this is [word indistinct], it is part of democracy. I am willing to discuss as many issues as necessary. I am saying this now because the [words indistinct] passing information through the news, but guiding the public. In that regard, I believe the role [words indistinct] as in all the institutions and sectors.

This is my message: I reluctantly accepted this challenge; it was not on my agenda, I did not ask for it. The opportunity came, I accepted it, and will try to fulfill my responsibility with absolute [word indistinct] and honesty. Above all, I will act openly without trying to hide anything, there is no reason for me to do that. I will [words indistinct] solutions for Guatemalan problems without demagoguery. I will try to avoid things that can annoy the people [words indistinct] the cabinet we will organize with the government and all sectors, I repeat, not only with the government, but with all Guatemalans, which whom we will face this historical challenge. As a popular saying goes: Every cloud has a silver lining. In this case, we went through a crisis that shook us, it shook many sectors, it created awareness and today we know what it is to [words indistinct] president of the Republic I am not asking you to test me now. I ask you to believe in me after I [words indistinct] what I will promise

[words indistinct] [8-second break in reception] the Executive Branch's attitude in facing the problem of corruption. I said that the Constitution is clear and the mandate to the president of the Republic is even clearer. We must comply with the law and the Constitution, and guarantee compliance [words indistinct] imparting justice, and enforcing the law without exceptions. I recall saying as ombudsman, and repeating it in my inaugural address, that I will report whomever I have to report, regardless of who it is, or the institution to which he belongs. In this case I will not change my position. As Guatemalan constitutional president I must ensure compliance with the laws by everyone, no matter who it may be or which institution is involved. In that regard, the Guatemalan people can rest assured I will do that. If I fail to do so, I want the people to protest and call my attention. It is my duty to comply with the law because it is a constitutional mandate, and a moral mandate from the people, who are tired of these situations. The Guatemalan people can be sure I will enforce the law without any exceptions.

[Melgar] Thank you Mr. President.

De Leon Condemns URNG Attack on Power Company

PA1106030093 Guatemala City SIGLO VEINTIUNO in Spanish 9 Jun 93 p 7

[Text] The Public Relations Secretariat issued a statement on 8 June expressing President Ramiro de Leon Carpio's condemnation of attacks by the Guatemalan National Revolutionary Unity (URNG) against power company installations in Huehuetenango.

The president said the rebel attack will only further deteriorate the difficult situation faced by the thousands who live in the countryside and who hardly have access to electricity in the first place.

De Leon Carpio added that the sabotage left Santiago Chimaltenango, San Pedro Necta, San Juan Atitan, Ixtahuacan, Colotenango, and Culico without electricity. As yet there is no estimate of damages.

Court Orders Serrano's Bank Accounts Be Frozen

PA1106043893 Guatemala City EL GRAFICO in Spanish 8 Jun 93 p 5

[Article by Ricardo Gatica Trejo]

[Text] At the request of the Public Prosecutor's Office, a court has ordered that all former President Jorge Serrano Elias' bank accounts be frozen, thus taking another step toward indicting the overthrown president.

Walter Robles Valle, chief of the public prosecutor's office, made the aforementioned announcement and added that the appropriate authorities had been asked to freeze all of Serrano Elias' bank accounts and that it had been done.

Walter Robles added that freezing the bank accounts is part of proceedings under way to bring the former president to trial in Guatemala. Serrano is charged with 11 crimes.

Robles said an investigation is being conducted to find the banks where Serrano had accounts and establish the amount of money in each.

There has been no official statement yet, but some say the former president has 94 million quetzals in the bank, and that the amount had increased during the first three months of 1993.

Banking sources—not necessarily official sources—have reportedly said that Serrano's deposits increased in 1992 and that he had 18 million quetzals deposited in one bank.

National Police Director Resigns

PA1106023593 Guatemala City EL GRAFICO in Spanish 9 Jun 93 p 5

[Excerpt] National Police Director Leopoldo Guerra Juarez resigned and left his office at the National Police Headquarters.

National Police officers said Guerra Juarez resigned on 7 June and has not been seen at his office since.

Guerra Juarez resigned amid rumors that he would be removed from office after its was proven that Minister Francisco Perdomo Sandoval had not been located. [passage omitted]

Correction to Progress of Consensus Coalition Plans Revealed

PA0406161493

The following correction pertains to the item headlined "Progress of Consensus Coalition Plans Revealed" published in the 4 June Latin America DAILY REPORT, page 16:

Column one, paragraph one, only sentence, make read: ...Consensus Coalition [Coalicion de Consenso].... (inserting editorial notation)

Paragraph three, only sentence, make read: ....labor organizations, the Guatemalan Workers' General Central Organization, the Guatemalan Confederation.... (correcting name)

Honduras

General Discua Remarks on Armed Forces Issues

PA1106033593 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 8 Jun 93

[Report by Jose Orlando Sarmiento; passages within quotation marks recorded]

[Text] When General Luis Alonso Discua Elvir was asked about charges made by a former member of the Public Security Force that the intitution's commander is pocketing hundreds of thousands of lempiras every month, the general explained:

[Discua] "As I see it, a criminal who left the Army because of his own mistakes has ill-feelings. Colonel Hung is not here because he is attending a drug-trafficking seminar in Venezuela. I think he will confront this situation as soon as he returns. It is regrettable that a criminal is taking advantage of the protection he is afforded by the Human Rights Commission. He is a criminal. There are reports about why he left the institution. Col. Hung deserves everyone's support if he is trying to clean up the Police Department because it is no easy job. This police force was organized a long time ago. As any other organization, it has problems. All police departments around the world have problems. They have problems in the United States, in Mexico, and so on. We cannot dodge that fact for many reasons. Our soldiers' culture is very poor, but that is no excuse. I think we have to find better people for the police force."

Concerned about situations involving the Armed Forces, the commander in chief said he is thinking of requesting assistance from Honduras' churches, the Catholic and Protestant Churches, because the Armed Forces members are followers of those churches so the soldiers' morals and behavior may improve.

[Discua] "Remember there is freedom of religion in the Armed Forces. There are evangelists, some Protestants, Catholics, and so forth, so all the churches may participate in a meeting. I do not know when. In order to improve, we need more Christian support and to strengthen spiritually all members of the Armed Forces."

There is reportedly a serious problem with Armed Forces members drinking rum. Gen. Discua explained:

[Discua] "It is logical. We have a population under a rather severe disciplinary system. I am not going to say that the problem does not exist. The problem exists but not to the extent that has been reported. We are not aliens from another planet. We are Hondurans who grew up in the same atmosphere, in the same society, and we have the vices that any Honduran may have."

The loss of moral values and ethical principles in Honduran society is a source of concern. The situation of the members of the military institution is also a source of concern.

[Discua] "I think we need a spiritual boost, not only in the Armed Forces but throughout Honduran society. We are a product of society, and that is why I think this applies not only to the Armed Forces but to Honduran society as a whole."

It has been said that many discharged units create problems for society. How can we ensure that that they rejoin society as good Hondurans?

[Discua] "In the past they were not taught any craft. Now we are trying to turn them into craftsmen. They will not be experts but they will have craftsmanship because we have technical schools and military farms. In addition to education, we are giving them training in the agricultural field. You can see that the trees being planted today come from plant nurseries attended by military units."

The citizens are increasingly calling for improved police protection.

[Discua] "Policemen find themselves somewhat shackled by all these regulations. I agree that policemen should be reeducated, but criminals treat policemen not as policemen but as enemies, and the policemen must be careful because they can face problems. They can get killed. I think policemen should again be given the trust they have lost because of charges that have been made. Policemen have lost that trust and now they are afraid to act."

Nicaragua

Strikers Wound 2 Policemen in Confrontation

PA1006235793 Managua Radio Corporacion in Spanish 2213 GMT 10 Jun 93

[Excerpt] A few moments ago the Government Ministry Directorate of Public Relations issued a press communique outlining the events that occurred on the morning of 10 June at customs in Sapoa.

According to the communique, approximately 67 strikers were blocking a street and burning tires near the customs facility. Nine policemen were sent to the scene but the strikers shot at them and wounded two of them. The wounded policemen are Ramon Flores Centeno, who is in serious condition, and Juan Bermudez Cruz, who was shot in the back. A reinforcement of 20 policemen was requested to control the attack during which one striker was wounded and another arrested. The two individuals will be processed and sent before the appropriate courts.

At present the situation is under control and customs is operating normally, according to the Government Ministry communique. [passage omitted]

D. Ortega Expresses Support for General Amnesty, Condemns Blockade of Cuba

PA1106040893 Managua BARRICADA in Spanish 8 Jun 93 p 5

[Report by Carlos Garcia C.]

[Text] During an 8 June meeting with OAS Secretary General Joao Clemente Baena Soares, Daniel Ortega, secretary general of the Sandinist National Liberation Front [FSLN], expressed his support for the general amnesty announced by the government to end the various forms of armed violence in the country.

Ortega said the government's effort to achieve disarmament and demobilization of the armed groups cannot be limited to military and political actions and that economic and social measures to generate employment and bolster production are essential to attack the causes of the violence that prevails in several parts of the country.

Ortega and Baena Soares also discussed the commercial blockade against Cuba.

Condemning the Blockade

The Sandinist leader delivered a letter to the OAS representative saying that the OAS should condemn the blockade against Cuba because it is a blatant violation of human rights.

In his letter Ortega says it is suspicious that a file of alleged human rights violations in Cuba is being quickly gathered as such a file would only be used in an attempt to justify new sanctions.

According to the FSLN, the OAS should respond to the U.S. policy by endorsing an unconditional suspension of the sanctions and by encouraging the establishment of a new kind of relationship based on respect, self-determination, and nonintervention by the United States in Cuba's internal affairs.

It is time for Latin America to influence U.S. policy to see that it respects international law and thus the new relations that U.S. leaders are obliged to cultivate with the people of Latin America, the letter states. The letter is dated 7 June.

* Embassy Takeover in Costa Rica Discussed

93CA0129C Managua LA PRENSA in Spanish 7 May 93 p 10

[Commentary by Coty Gonzalez Rappaccioli]

[Text] I would like to discuss the two acts of terrorism that occurred in Costa Rica recently, and the way the Costa Rican Government solves its problems by operating in accordance with its own interests.

The takeover of the Nicaraguan Embassy in Costa Rica by Urbina Lara, chief of the Yolaina Commando, was handled by the government in a way that is very typically Costa Rican. The people of Nicaragua never got a clear response of help from the Costa Rican Government. It kept delaying things, and even said that the matter was Nicaragua's problem, not Costa Rica's. Perhaps the government forgot that the reprehensible act took place on its territory, and was, therefore, Costa Rica's problem as well. It was also incredible how the Costa Rican authorities treated the hostage-takers. The last straw was the pizzas they sent in, because Urbina Lara wanted it on the menu. The saddest part of this episode was when they took the hostage-taker and his commandos to the airport, escorted by Public Security Minister Luis Fishman as if he were a hero. They forgot that the minister, or another high-ranking official of the Costa Rican Government, had given the same send-off to the delegation of ministers that the Nicaraguan Government had named.

It was time for a change, and then came the takeover of the building housing the Costa Rican Supreme Court of Justice. The hostage-takers were a group known as the Death Commando, who are also terrorists but who directly assaulted one of the branches of the Costa Rican Government. In this case, the usual Costa Rican modus operandi that is followed when Nicaraguan citizens are involved was abandoned. The authorities acted properly, with precision and caution. If only they had directed the assault on our embassy in the same fashion. Another difference was that the hostage-takers were all Costa Rican. The Costa Rican Government felt that if this problem was not solved quickly, its democratic institutions would be in danger, because Costa Rica has shown the world that it has weak internal security.

It is time to prove that not all of Costa Rica's problems are caused or led by Nicaraguans. It is time for the Costa Rican Government to realize that there are also Costa Rican criminals in Costa Rica, and that there are good and bad people in every part of the world.

The xenophobia that some Costa Ricans feel for the Nicaraguan people should be eliminated once and for all. Rather, they should think more about the unity of Central America. We should realize that we Central Americans are brothers, and we should always show solidarity during difficult times.

* National Dialogue 'Marginalizes' Atlantic Coast

93CA0129D Managua EL NUEVO DIARIO in Spanish 8 May 93 p 4

[Commentary by Francisco Bravo Lacayo]

[Text] Coastal leaders are justified in complaining about not being invited to the dialogue that the government is holding with political, business, and labor organizations from the Pacific region.

An oversight? A snub? Disregard for a region that makes up 50 percent of national territory and whose population numbers nearly 500,000?

Whatever the reason, it is unforgivable, especially considering that these Nicaraguans were manipulated by the right, now as the ruling power and back when it was in the "opposition," when it used them as cannon fodder against the previous government.

The same thing has happened on the Atlantic coast as on the Pacific coast. Indeed, the situation is even worse there, with unemployment at 90 percent, compared to 65 percent in the Pacific region.

The Sandinist revolution did not commit the sin of ignoring the people of the Atlantic. On the contrary, it tried to find solutions to historic problems these people have suffered because of the discriminatory and exploitative treatment

from the authorities who always conspired with foreign interests to keep the people in poverty.

The Sandinists' mistake was in not understanding the idiosyncrasy and customs of these ethnic groups. They treated them the same as everyone here is used to being treated, which wounded the sensibilities and the firmly rooted pride of the coastal residents.

The right-wing reactionaries took advantage of this, going so far as to stimulate the separatist ideas that had lain dormant, inculcated during the days of British domination.

The Law on the Autonomy of the North and South Atlantic Regions has been reduced to nothing by a ministry that has served as a battleground for former Contra leaders who are fighting like cats and dogs over scraps and, especially, over the "right" to sell the wealth of this region to the highest bidder, the former foreign masters who have returned under the protection of the "freedoms" the current government has offered them.

It is no coincidence, no mere forgetfulness, that coastal Nicaraguans have not been invited to participate in the so-called National Dialogue. It is in keeping with the neocolonialist customs that bourgeois governments have followed with respect to this region on the Caribbean.

Our brothers on the Atlantic coast should take note. They should not be lulled by the siren song of those who do not represent the popular interests, either here or there.

* Attack Against Radio Ya Criticized

93CA0129A Managua EL NUEVO DIARIO in Spanish 27 Apr 93 p 4

[Editorial: "We Condemn the Attack Against Radio Ya"]

[Text] Without pulling our punches or mincing words in any way, we vehemently condemn the attack on Radio Ya and the death threats against its executive director, Carlos Jose Guadamuz.

The perpetrators of the attack, who are said to belong to the so-called Punitive Forces of the Left (FPI), put forth weak arguments that have nothing to do with the political reality of our country. We need to abandon the methods of violence; we want to find solutions to our problems through a dialogue that involves all the political and labor forces of the nation.

Making death threats against the director of an organ of the mass media because he issued guidelines on announcements or advertisements for a government institution whose chief is opposed to our ideas, is an act of great stupidity. It places the perpetrators of the threat on the same level as the ultraright terrorists who are determined to gain power by virtue of brute strength, denying or crushing the force of reason.

Our people exercised their right to rebel to bring down the Somoza dictatorship, and in the face of foreign intervention, they defended their sovereignty by taking up arms. But those actions had nothing to do with terrorism; they were actually a defense against the terrorism practiced by our traditional enemies.

Our people have been bled dry, and it is a crime to try to push them into a new holocaust on the pretext of solving problems that can be dealt with by resorting to civic and organized force under the new internal and external conditions that prevail.

One of the reasons for the constant failure of the revanchists' efforts is that they are almost completely out of touch with the people, unaware of the people's desire for peace and for development to overcome the serious problems that beset them.

It is time now to offer plows to the peasants so that they can plant seeds, not rifles so that they can continue killing their brothers.

The extremist fanatics, be they on one side or the other, fail to see this.

We therefore condemn, once again, the attack on Radio Ya and the death threats against its executive director, and we demand that the authorities investigate this case and prosecute the assailants.

Argentina

Menem Praises Judicial Branch's 'Independence'

PY1106010593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1658 GMT 10 Jun 93

[Excerpts] Buenos Aires, 10 Jun (NA)—President Carlos Menem today lauded the "courts' independence," warning that "we should not find fault with everything." Menem was referring to the court decision revoking Amira Yoma's preventive imprisonment.

Menem made these remarks at the government house press room minutes before his cabinet meeting. The president said: "The judicial branch has never before been so independent," adding that "most judges were appointed many years ago, or as of 1973."

Menem said Federal Court members who revoked Amira Yoma's preventive imprisonment "have 20 years seniority, therefore we should not find fault with everything."

"I think the opposition has launched an impressive campaign to make people here and in the world believe that there is no justice in Argentina," Menem said.

The president was apparently referring to a report published by CLARIN today insinuating that the executive branch has approved a series of promotions and changes in order to install judges with opinions favorable to the government at the Federal Court.

Meem denied he was going to replace Jose Julia, Air Force general staff chief, or Navy General Staff chief Jorge Ferrer before 8 July.

According to another commentary published by CLARIN, the president has already decided to replace Julia with Brigadiers Alberto Alegria or Hector Paulik, and Ferrer with Vice Admirals Fausto Lopez or Juan Molina Pico. [passage omitted]

The president said that Colonel Mohamed Ali Seineldin will "in no way" be pardoned for as long as Menem is president. Seineldin is being detained at the Magdalena prison because of his participation in the 3 December 1990 military uprising.

"They had their chance but they repeated the same mistake a second time. As long as Carlos Menem is the president, there is no chance of a pardon for those individuals," Menem stressed.

Regarding the visitors Seineldin is allegedly receiving at the prison, Menem said: "There is strict supervision of prisoners there. Some of the individuals mentioned in the report have never been there." The president cited as an example the case of journalist Pedro Olgo Ochoa, who has "never" visited the Magdalena prison.

The president admitted, however, that "some individuals mentioned in the list have probably gone there, but we are not the least concerned because prison regulations are being strictly observed. We will investigate the report and sanction those responsible if rules were violated," Menem said. [passage omitted]

Regarding the Condor missile project and alleged U.S. concerns about it, Menem said: "The project has been totally dismantled and we do not have any problems. We have not seen any mistrust or leftovers after the dismantling of the missile."

Menem later said that the transformation of the plant located in Falda del Carmen "will not necessarily" be made with U.S. Government assistance because we can always do the work "with our own resources." [passage omitted]

The president also talked about the issue of constitutional reforms, pointing out that in case the Constitution is amended, [Buenos Aires Province Governor Eduardo] Duhalde "will be one of the candidates" for the 1995 presidency. Menem, however, recommended "to wait" and see how the issue is resolved.

Menem said that "at this time we are not contemplating" the possibility of adding candidates from other parties to the Justicialist ticket that will participate in the upcoming election.

The president reiterated that the scheme for pensions payment "is well defined," adding that "all pensioners with their papers in order will receive their money."

Government Ratifies Decision To Recover Falklands Via Diplomacy

PY1106033993 Buenos Aires TELAM in Spanish 2307 GMT 10 Jun 93

[Excerpts] Buenos Aires, 10 June (TELAM)—The Argentine Government has ratified its "permanent decision" to recover the Malvinas Islands through diplomatic channels. The country today recalled with austerity the day of Argentina's sovereign rights over the southern archipelagoes and a section of the Antarctic.

The anniversary of the "day of affirmation of Argentina's sovereign rights over the Malvinas, the islands and the Antarctic section" was commemorated especially in military and security units (except for the Navy) and in public and private schools. Schools had special classes and staged ceremonies to commemorate the day. [passage omitted]

The Foreign Ministry issued a declaration to recall that "from its birth as an independent nation" Argentina "consolidated and exercised its sovereignty in the southern territories and oceans inherited from Spain."

"This process was interrupted in 1833 by the British occupation of the Malvinas Islands and the eviction of the local population and authorities," the Foreign Ministry communique said.

In the central part of the message the government reiterated its "permanent decision to recover, through diplomatic channels, the exercise of its sovereignty over the Malvinas Islands, South Georgia, and South Sandwich Islands and their surrounding ocean territories."

"Argentina is a nation committed to the process of international consolidation of peace, democracy, and development, and it is convinced that in this manner it will decisively contribute to the solution of sovereignty controversies" with Great Britain, the declaration concluded.

Army and Air Force chiefs issued momentous messages to their subordinates supporting the government's diplomatic efforts in claiming Argentine sovereignty over the southern islands and paid homage to those who died during the 1982 war with the United Kingdom.

Lieutenant General Martin Balza stressed today—through a radiogram to all Army units—that the transit toward the uncompromising objective of recovering the Malvinas Islands "moves today through diplomatic channels." Balza added that "the government sustains a permanent rejection of the unjust occupation and the international public opinion will make their voices heard sooner or later."

Brigadier General Jose Julia urged all Air Force members "to accompany the government's political decision to maintain the demand for the restitution of Argentina's sovereignty over the Malvinas Islands, which is an unavoidable objective for present and future generations."

Gen. Balza also dedicated some paragraphs "to the just vindication of Malvinas' fighting men" because "the special circumstances surrounding the conflict (in 1982) tarnished the heroic behavior of the Army personnel before our people. Ground troops struggled to the last possible limit, and sometimes, they went even further than was possible."

The Army general staff chief considered that "victory has always had many supporters" while defeat "fosters incomprehension and criticism." Balza emphasized that "this situation has never discouraged the Argentine Army, whose men and women are convinced of the nation's interest and their greater objectives." [passage omitted]

Navy, Air Force Chiefs To Leave Posts; Replacements Named

PY1006223793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2031 GMT 10 Jun 93

[Text] Buenos Aires, 10 Jun (NA) — The Defense Ministry announced this afternoon that Navy Chief of Staff Admiral Jose Ferrer and Air Force Chief of Staff Brigadier Jose Julia will be leaving their posts.

Vice Admiral Enrique Molina Picoy will replace Ferrer, and Brigadier Major Juan Paulik will replace Julia.

President Carlos Menem this morning flatly denied that these changes would take place.

Chief of Staff Denies Seineldin's Power Within Army

PY1006225093 Buenos Aires TELAM in Spanish 1914 GMT 10 Jun 93

[Text] Buenos Aires, 10 Jun (TELAM)—Joint Chief of Staff General Mario Candido Diaz today said that former Colonel Mohamed Ali Seineldin "cannot form any organization" within the Magdalena military prison "because he is subject to the laws and closely watched."

Diaz recalled that the former "painted face" leader is serving a sentence for "violating military regulations" and that "he has lost prestige within the Armed Forces and has no capability."

Diaz made this statement at the end of a ceremony to reassert Argentina's rights over the Malvinas Islands which took place at the Defense Ministry.

Diaz also said that the measures at the Magdalena prison were very "strict" and added that "many things are said that are not true, such as, for example, the presence of certain active or retired officers and civilians who have reportedly visited the prison."

He added that "many are on the list but have never gone there" and that "this is quite easy to understand: Those who are under arrest give prison authorities the names of people they would like to visit them. Many of those mentioned on the list never visit them. Some do, but not as many as those under arrest would like."

When Diaz was asked whether Seineldin was being "used," he answered that "I do not know whether they are using him, but it sounds as if he is being presented as someone with a great capacity to solve political problems. I believe that whoever thinks this is quite mistaken" and added that "I do not think he enjoys the Armed Forces' support."

The joint chief of staff was also asked about rumors of changes in the Air Force and Navy leaderships (which were denied by President Menem today). Diaz answered: "I read about it in the newspaper but I do not know whether it is true."

He added: "That is the exclusive decision of the president of the nation and commander in chief of the Armed Forces. Right now I see no reason for any changes, nor do I see any reason for not making any changes."

Finally, he recalled that today is the day in which the Argentine rights over the Malvinas Islands is reasserted and prayed to God to "help us" so that "through the corresponding channels, the Argentine flag may once again fly soon over those territories that belong to us."

Bolivia

ADN Criticizes U.S. Embassy over Capobianco Case

PY1006215993 La Paz PRESENCIA in Spanish 4 Jun 93 p 7

[Text] ADN [Nationalist Democratic Association] Deputy Chairman Jorge Landivar has revealed that there is great uneasiness within the Patriotic Accord [AP] regarding the Capobianco case. He openly criticized the American Embassy's action during the final stages of the election campaign.

"I believe that the American Embassy's action was inappropriate, given the fact that it is not fitting for a foreign government to meddle in partisan political issues, thus making an attempt against our nation's sovereignty. It was moreover untimely because its remarks were made in the very middle of the electoral process, when Capobianco became a marked man 26 months ago and nothing has been done since he left the Interior Ministry," he said.

Landivar stated that the Americans did not behave properly when they "worked out a compromise agreement" with Capobianco, whereby the Americans agreed to refrain from acting as long as Capobianco did not engage in political activities. Landivar added: "If the embassy and Capobianco reached a compromise on the latter's withdrawal from the political arena, it would be a most wrongful act, because instead of compromising the U.S. Embassy should have submitted evidence."

He further stated that "it seems that the embassy had not taken any measures before because it hoped that Capobianco would not go into politics. Only when he actually did go into politics did the embassy act, though not through the proper channels, as it is not incumbent upon the American Embassy to work out compromises."

Landivar noted that if the embassy had relevant proof it should have given it to the Bolivian courts to institute proceedings instead of hiding them until the electoral process began.

Within this framework, Landivar pointed out that MIR's [Movement of the Revolutionary Left] support for Capobianco, and the latter's decision to okay his being investigated, open up new vistas of investigating the charges brought against him.

With regard to ADN's support, Landivar explained that his party supports "anything that is legal and above board," and that in this case, it condemns the attitude of the American Embassy because it seemingly acted for political reasons.

He stated: "Had there not been a political intention behind it, the embassy would not have acted in the final stretch of the election campaign. It is comparable to the human rights issue; it says it does not engage in politics, but every four years it makes a statement and 'spots' [previous word in English] against the general [Hugo Banzer Suarez]."

Landivar added: "What happens with those institutions, which are very respectable, is that they are used by politicians, who get in with them and dig themselves in deep, to gain a political advantage and use it."

Concerning the damage that allegations against Capobianco may cause to the AP's election campaign, Landivar stated that the people are aware of what happened and have already decided who they are going to vote for.

Brazil

* Lack of Funds Hampers Military Operations

93SM0291D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 May 93 p 15

[Article by Roberto Godoy: "Lack of Funds Hampers Border Actions"]

[Text] *The Armed Forces are working with manpower discouraged by low pay and with obsolete equipment that hampers training.*

The Peruvian guerrillas who crossed Brazil's northern border on that morning in April chose the date of their operation carefully: 9 April. That was Good Friday, the culmination of the Holy Week meditation—a celebration followed devoutly by the community in the small town of Benjamin Constant in Amazonas. While 350 of the faithful were attending the vigil at Immaculate Conception Church, a group of 30 rebels was occupying a prospectors' camp located about 120 kilometers to the west on the banks of the Javari River, probably to provide cover for an international drug trafficking route.

The military garrison in the area was notified late in the afternoon and reacted quickly by mobilizing a platoon of jungle infantry. But the soldiers did not reach the area until Holy Saturday: the only available helicopter—an old Bell UH-1H—had broken down and was awaiting the arrival of a part that was not available in the Air Force shops. The motorboats could not go down the river because their tanks were all empty and there was not enough money to buy fuel.

The only reason that the local commanding officer's irritated reaction did not earn him punishment was that the Army High Command has exempted indiscipline in such cases, which have become increasingly frequent over the past three years as the lack of weapons and equipment, combined with lagging pay levels, has grown into an acute crisis.

Funds—The problem is serious. The combined budget of the Navy, Army, and Air Force for this year totals 385.08 trillion cruzeiros—less than 1 percent of GDP [gross domestic product] and proportionately the lowest appropriation in the country's history. "Even that amount is

theoretical: there are constant downward revisions of specific budgets, and the total varies according to how much money the Union takes in," explains an officer on the Armed Forces General Staff.

The precarious nature of available funds has had unexpected effects. The Tabatinga Brigade (in Amazonas) has spent six months on a vegetarian diet because there is no money for meat. Fighter pilots are allotted only 50 hours of flying time each through December, and the fleet has only enough money for 20 days of operations at sea. In the industrialized states, the number of soldiers recruited for compulsory military service has been reduced by from 30 to 70 percent in some garrisons. A great many of the noncareer personnel have been excused from morning or evening duties so as to avoid the cost of feeding them one of the two main meals of the day.

Pay levels do not help. A general officer in any of the three services earns 64 million cruzeiros at the end of his career—the equivalent of a little over $1,670. That is equivalent to the salary earned by a good college-level technician working as a senior computer operator. To reach that point in his career, the officer must have a specialized higher education similar to that of a university professor.

At the intermediate level—that occupied, for example, by captains—the pay is 35 million cruzeiros (about $915). This group also includes the well-trained military pilots, who are under constant siege by private airline companies offering them the possibility of earning $10,000 (400 million cruzeiros).

The Brazilian military also have no professional motivation. All the tanks in the Army's main armored units are M-41's, a model built in the United States during the 1950's. "It would be necessary to buy at least 50 new main battle tanks," one tank colonel estimates. "And although our domestic arms industry has the technology to build two types of tank (Engesa's EE-T1 Osorio and Bernardini's MBT-3 Tamoyo), there is not the slightest chance of ordering either one at the moment," he complains.

No night vision equipment: Brazilian-made Cascavel and Urutu wheeled armored vehicles are suffering from the lack of investment. The configurations in regular use have no night vision systems or fire control computers. The result is that they cannot fight at night.

The fleet's newest ships are the British-model Niteroi-class frigates designed over two decades ago and acquired between 1976 and 1979. Commissioned in 1989 was the German Tupy IKL-209/1400 submarine, the first of a series of four. The Ministry of Navy intends to use it to develop its construction program for that type of vessel.

The Air Force operates with supersonic fighter planes purchased in 1973 from France (the Mirage-III/EBR) and the United States (the F-5E Tiger II). Although they have undergone modernization, those jets are technologically two generations behind the equipment used by Colombia and Venezuela (sophisticated Mirage-2000's and F-16 Falcons).

"The worst of all this is that it is not possible to carry out basic tasks such as protection of the territory or troop training," says a general who at one time was minister of Army. "The country has not been at war for over 110 years, but it must be ready every single day in case the need arises."

* Ministerial Reform Designed To Influence Elections

93SM0291C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 May 93 p 5

[Article by Marta Salomon: "Itamar Changes Team To Influence Succession"]

[Text] Brasilia—President Itamar Franco's intention in undertaking the cabinet reshuffle that began last week is to change more than the government's image and performance. The top-level changes are related directly to his plans for choosing his own successor. Itamar has put together an operation for strengthening that part of his team which, according to people he has talked to, is known in Planalto Palace as the "democratic and progressive center."

The idea is to expand the influence of the two largest parties supporting the government: the PMDB [Brazilian Democratic Movement Party] and the PSDB [Brazilian Social Democracy Party]. Besides guaranteeing the support he needs to govern for another year and seven months, Itamar is reportedly working to finalize an alliance capable of putting up a candidate with a chance of winning next year's election.

Revision: "From that core will come a centrist plan for the presidential succession," predicts one of the advisers who have closely watched the first moves in the cabinet reshuffle. The details of that plan are to be worked out beginning in October, which is when the constitutional revision will start.

The palace group's first watchwords will reportedly be "reform of the tax system" and "reform of the state's role in the economy." The priorities will reportedly also include the guaranteed continuation of the so-called social gains enshrined in the 1988 Constitution: items considered consensual and impressive on the campaign trail.

"Constitutional reform will be a signpost marking the realignment of political forces in our country," says the government leader in the Chamber of Deputies, Roberto Freire (PPS [expansion not given], Pernambuco). According to Freire, the regrouping of parties will lead into the presidential succession: "Itamar Franco's administration is not uninvolved in the process."

When he decided to trigger his cabinet reshuffle with the Wednesday morning telephone call dismissing former Mayor Luiza Erundina, Itamar had not yet decided how extensive the ensuing replacement of ministers would be or how rapidly it would take place. "At the time, the president had decided only that Fernando Henrique Cardoso was the ideal person to be minister of finance," commented a frequent visitor to Planalto Palace.

Time in office: Itamar knows that the new minister may not last more than 10 months. During that time, according to current election law, Cardoso will have to resign if he wants to run for any elected office. "Until then, the situation will be different, and he will be able to dismiss the minister," predicts the PSDB leader in the Senate, Mario Covas (Sao Paulo). The PSDB senator acknowledges that the administration's new setup is going to affect the presidential succession. Mainly because he trusts his colleague's ability to deal with inflation bordering on 30 percent per month.

The plans for the presidential succession are being discussed with caution by the administration's allies. But the cabinet reshuffle has brought back in full force the negotiations regarding the so-called third way as an alternative to the candidates on the left and right who began the presidential race: Luiz Inacio Lula da Silva (PT [Workers Party]) and Paulo Maluf (PPR [Progressive Renewal Party]).

A truce among the political groups that have been fighting for the past seven months to control the cabinet was the word of command issued in connection with cabinet reshuffle. That armistice, theoretically sealed by the appointment of Itamar's fourth minister of finance, is going to be tested, however. The PMDB, which controls the votes of 99 deputies and 27 senators constituting the administration's strongest support in Congress, has been irritated by the new team's "PSDB look." And when the reshuffle is over, it hopes to occupy space on the Esplanade of Ministries equivalent to the support it gives Itamar.

* Civil Household Head Adopts Aggressive Style

93SM0291B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 May 93 p 8

[Article by Dora Kramer: "Hargreaves Adopts Aggressive Style"]

[Text] Brasilia—Trained by more than 30 years in the legislative branch's bureaucracy to act with the smoothness of cotton, Henrique Eduardo Hargreaves, a 57-year-old native of Juiz de Fora, has acquired the sharpness of glass after less than eight months in the executive branch. A discreet and disciplined adviser, an expert on the bylaws of the Chamber of Deputies, and a master in the art of suggesting tactics in the Chamber that have made the reputation of many deputies, Hargreaves has decided to talk louder in the government.

Last Thursday he did not even seem to be the same courteous man: he called Luiza Erundina "ugly" and even extended that adjective to the former minister's management of her department. During his time in the administration, he has started quarrels on the Esplanade of Ministries, made enemies where he had none—in Congress—and ended up with a small crack in his prestige where one was least expected: Planalto Palace.

On Wednesday evening, Hargreaves had to make peace with Roberto Freire in front of President Itamar. After speaking privately with Itamar just after the meeting by leaders to deal with the Resende-Erundina crisis, the government leader in the Chamber asked for Hargreaves to be present in the presidential office. There the two men smoothed out their differences, at least apparently.

Freire was tired of receiving messages like the one expressing Planalto Palace's dissatisfaction with sporadic speeches on the "Voice of Brazil" in support of the administration. And Hargreaves, being accustomed to congressional life more to the right, had never been able to stomach the appointment of former Communist Freire to a position of leadership.

Mystery: On that same day, President Itamar left a mystery floating in the air at the meeting of leaders. He said that he was looking for people to advise him directly and that he was having difficulty. According to the president, two people had been sounded out and had declined. One had claimed that there were "too many leftists" in the administration; the other had mentioned the low pay in government service. Itamar did not say which positions he was talking about, but left his listeners in suspense.

The message was interpreted as reflecting Itamar's intention to also shake up the central core of people surrounding him at Planalto Palace. According to a member of the first echelon who is a close friend of Itamar's, that puts everyone appointed on the basis of friendship, including the palace team, Minister of Health Jamil Haddad, and Minister of Justice Mauricio Correa, in an uncomfortable position.

"The president is convinced that it is necessary to put an end to the republic of cronies," that adviser says. According to him, Itamar is "thinking seriously" about making that separation and is somewhat uncomfortable over the brazenness with which the chief of the Civilian Household exercises power. Supporting Hargreaves are people in the PFL [Liberal Front Party] who admit that his popularity has eroded because of the number of quarrels he has caused but say that he is "a crony, but competent."

One state governor who is now more powerful because of the administration's new makeup believes that Hargreaves' life will be made more difficult by the presence in the cabinet of Jose Aparecido de Oliveira, the new minister of foreign affairs. He says: "They will both engage in attacks and intrigue, and Aparecido, who

insists on sticking his nose into all areas, will eventually make it impossible for Hargreaves to stay."

The governor says: "Either he will change and adapt to the new times by paying no attention to what is secondary and concentrating on what is essential, or he will wind up without a job." Hargreaves' friends are rooting for him to keep his job, feeling that he has been the victim of a plot by ministers and congressmen. People in the PFL's office in the a Chamber of Deputies often say: "The job is a thankless one, and by making him responsible for appointments, Itamar has wound up wrecking their friendship."

In the Chamber of Deputies, Hargreaves was a master at the congressional advice he always provided for the leadership of Arena [National Renewal Alliance], the PDS [Democratic Social Party], and the PFL. He was so good at it that when former President Collor dismissed Planalto Palace's congressional advisers—an area in which Hargreaves had been active under the Sarney administration—the PFL leader in the Chamber of Deputies at the time, Ricardo Fiuza, quickly recruited him for his own staff. After being made a minister, Fiuza kept him in the Chamber of Deputies, thereby controlling the leadership from a distance.

"Ninety-day wonder": That image as an excellent adviser was marred when Itamar elevated Hargreaves to the important post of chief of the Civilian Household. To make things worse, Itamar put him in charge of dealing with politicians accustomed to seeing him as an adviser and nothing more. An example of this is Senator Espiridiao Amin (Santa Catarina), who systematically refuses to discuss anything with Hargreaves. Another is Fernando Henrique, the son of a general. The new minister of finance, who was minister of foreign affairs at the time, once went to Itamar to discuss administrative matters involving the Ministry of Foreign Affairs. The president told him to go see Hargreaves, a former Army sergeant. Fernando Henrique did not contradict Itamar, but he also refused to talk to the chief of the Civilian Household. He explained to a friend: "I am not going to do business with a 90-day wonder."

It is the unwillingness of some to accept the idea of power in the hands of the adviser who in the Constituent Assembly played a decisive role in significant victories by Sarney—such as the five-year term of office—and the resistance of others to the idea of negotiating with someone identified with the most conservative sectors which are supposedly at the source of the difficulties into which Hargreaves has fallen. A native of Minas Gerais who holds a top position in the government-owned firms feels that Hargreaves is to Itamar what Francisco Dornelles was to Tancredo Neves, who also had difficulty moving to the left. Like Itamar, that native of Minas Gerais is enigmatic: "In the short term, Hargreaves will remain strong."

* Moves To Advance, Delay Constitutional Reform Seen

93SM0285A Sao Paulo VISAO in Portuguese 5 May 93 p 14

[Text] A multiparty and unicameral committee set up by the presidents of the Senate (Humberto Lucena, PMDB [Brazilian Democratic Movement Party] from Paraiba) and the House (Inocencio de Oliveira, PFL [Liberal Front Party] from Pernambuco) is beginning studies to determine the starting and ending dates of the constitutional revision that the 1988 Constitution schedules for this October. The committee is already at work, but Lucena said it will not become official until May [as published] and that in August, the group will be expanded in order to draft the proposed by-laws that will govern the constitution-related activities of the legislature.

The Constitution provides that reform is to take place between 6 October 1993 and 2 April 1994, the deadline by which candidates in the general elections must resign from government posts in order to run for office. For that very reason, the presidents of the Senate and the House think the reform process should be moved up; they plan to bring the idea up for consideration on an urgent basis. Even before finding out whether deputies and senators will agree to advance the date, Lucena and Inocencio decided that in August the 27 technical committees of the two houses of Congress will be converted to "preparatory committees" to draft proposed reforms.

Interests

The idea of advancing the preparatory work on the constitutional reform has the backing of President Itamar Franco and most state governors. Pernambuco Governor Joaquim Francisco thinks "the country cannot handle coincidental debates, since the election campaign will last for 20 months." He does not believe the constitutional revision can be effected at the same time as the campaign without plunging the country into a tremendous crisis, "since the government would not be in a position to solve Brazil's immediate problems." The principal party leaders also favor an earlier reform. The PSDB [Brazilian Social Democracy Party] leader in the House, Deputy Jose Serra (Sao Paulo), argues that the objective is to "prevent work on the reform from continuing into next year, when the campaigns to succeed President Itamar Franco will already be in full swing." This opinion is shared by Sao Paulo Deputy Jose Genoino (PT) [Workers Party], who said: "We should start now, and the first step is to separate the controversial issues from those on which there is a consensus." The PT legislator is seeking a comprehensive reform that would take no more than six months to complete. That is why he supports the decision by the presidents of the two houses of Congress: "An informal committee should be set up right away to prepare a draft, so as to gain time."

Reaction

Although it has a lot of support, the decision by Lucena and Inocencio is not unanimously favored. Countless politically influential legislators say the Constitution ought not be disobeyed. For example, the administration's leader in the Chamber, Pernambuco Deputy Roberto Freire [Socialist People's Party] thinks the reform should start on 6 October. "That is what the Constitution says, and it is supposed to be an effort centered on the reform of the State in light of the results of the plebiscite."

Senator Jarbas Passarinho (PPR [Progressive Renewal Party], Para State) thinks "the housecleaning must already have been finished by the time the new government takes office," but advocates obedience to the constitutional text. In his opinion, it is vital to respect the Constitution as regards the date, and to "arrange for urgently needed changes in the realm of the economic order, which is xenophobic." And Minister Luiza Erundina of the Administration Secretariat wants to see a forum established for debates on the reform, to be composed of representatives of all three branches of government, labor unions, universities, the CNBB [National Conference of Brazilian Bishops], the OAB [Brazilian Attorneys Association], the ABI [Brazilian Press Association], and business circles "to decide what should be changed and to prepare a draft."

Postponement

While there are those who advocate moving up the date of the constitutional revision, there are others who want to postpone it. "To begin the reform in the midst of a recession, with inflation at 30 percent [monthly basis], and on the eve of presidential elections would be inviting disaster," asserted Deputy and former Minister of Finance Francisco Dornelles (PPR-Rio de Janeiro). He believes that if postponement is impossible, then the parties should at least get together and tell the public what they intend to change. Sharing this opinion is Deputy Maurilio Ferreira Lima (PMDB-Pernambuco), who has even readied a proposal to amend the Constitution to put off the revision until 1995. This proposal is backed by Rio de Janeiro Governor Leonel Brizola's PDT [Democratic Labor Party]. Under his guidance, the PDT is likely to create as many obstacles as possible to prevent advancing the date of the reform, even of the preparatory steps.

At the other end of the spectrum, national President of the PT Luis Inacio Lula da Silva (like Brizola, a presidential hopeful), would like to see the start of the reform coincide with the campaigns to succeed Itamar. "Under pressure, the left-of-center politicians will be better able to guarantee that gains are made in social reforms." Lula thinks each candidate's platform will influence the revision of the Constitution, "which is a good thing, since the voters will be better able to assess the goals and programs of the candidates for president of Brazil."

* Stalled Joint Cbers Project With PRC Resumes

93SM0284B Sao Paulo VISAO in Portuguese 12 May 93 p 24

[Article by Julio Ottoboni: "Back to the Future"]

[Text] Stalled for the past two years owing to lack of funds, the joint China-Brazil program to develop an earth resources satellite (Cbers) has been picked up again by the Brazilian Government at an accelerated pace. At the latest meeting between the foreign ministries of the two countries, in March, agreement was reached on a new deadline for launching the Sino-Brazilian commercial satellite: October 1996. According to scientists at INPE (National Institute of Space Research) who are responsible for the Brazilian part of the program, this is a pretty tight time frame. The federal government, however, promises to release about $21 million in funding to see this phase through.

The 1993 Cbers budget of $13 million should probably be larger than the sum of the funds injected from the Brazilian side in the past four years. "President Itamar Franco agreed to a request by Minister Israel Vargas and will supplement the budget with proceeds from the privatization program," revealed INPE Director General Marcio Nogueira Barbosa. Included in the administration's support plans, another $8 million is supposed to be released to satisfy minimum funding needs to meet the new timetable. "We will still have difficulties, but the goal of 1996 had to be set in order to cut down the problems," reported Oscar Dias, the institute's space engineering manager.

Continual delays in transfers of appropriated funds have kept several parts of the project developed in Brazil from moving forward. Under the contract, components such as the structure of the satellite—considered critical within the process of developing the apparatus—will have to be produced "on the double" by Embraer [Brazilian Aeronautics Company], and delivered in less than two years. Work is proceeding on seven of the 12 contracts with suppliers. The rest will probably fall by the wayside because of the requirement to meet deadlines.

The truth is that the Chinese are unwilling to tolerate any further hesitation by Brazil. The first launch, scheduled for last year, did not take place because the Brazilians had invested less than $10 million. According to the initial contract signed in 1988, the total cost of the project is $150 million, of which 70 percent, or $105 million, was to be paid by China and the rest, $45 million, by Brazil. The solution was to reopen negotiations by paying off $2 million in debts to the Chinese government on the occasion of Rio-92, and to schedule new visits to INPE by Chinese scientists.

In the last two weeks of April, the Chinese experts were in Brazil for the second time this year. They confirmed that INPE's Tracking and Control Center will have a role in managing the satellites. "Everything has been agreed

to, including the testing of the second model at our laboratories," Director Marcio Barbosa announced.

Warning

The transfer of the $45 million that is the responsibility of the Ministry of Science and Technology will be increased by $12 million because there is no land-based structure in Brazil to capture signals from the satellites. This warning comes from manager Oscar Dias, who insists there is no way to capture the signals unless such a land network is created.

The Sino-Brazilian satellites will be launched from the Shanxi base in China using rockets from the Long March series to place them in orbit 778 km above the earth. The satellite looks like a cube 2 meters long to which is attached a lateral mast holding three solar panels measuring 6 meters in all. Its useful life is three years, during which time it will be able to photograph the same point on the earth's surface every 12 days. The images will be able to record objects larger than 19 meters, and will be in color.

If the project with China becomes a reality, following the launch of the earth resources satellite, Brazil will be expanding its progress in the aerospace field. After all, besides the SCD1 already in orbit, four more satellites may be sent into space before the end of the decade. Such scientific progress will accredit Brazil as the first nation in Latin America to possess comprehensive space technology. It would also ensure a potential opening of commercial markets and Brazilian membership in the exclusive group of countries that are highly developed in this sector, such as the United States, Germany, Japan, Canada, Russia, Holland, and Sweden.

* Advantages of Alcantara Launch Center Seen

93SM0284A Sao Paulo VISAO in Portuguese
12 May 93 pp 22, 23

[Text] It might seem excessive good fortune, but the cheapest place in the world for someone to launch a satellite into orbit is in Brazil. Experts estimate that within eight years this very site will be equipped to handle landings and take-offs of space shuttles—like the Discovery and Columbia—and launches of large rockets. The name of this base is the Alcantara Launch Center (CLA).

Planned by the Brazilian Commission for Space Activities starting in 1970, the Alcantara Launch Center offers advantages that, whether due to a lack of research or for geographical considerations, can be found nowhere else on the planet. Built on 240 sq km of land on the coast of Maranhao State, 22 km from the state capital of Sao Luis and protected by an extremely tight security system, the CLA permits flight operations that have a high degree of reliability because of the very stable temperatures in the region. However, it is more than a safe site featuring stable meteorological conditions and a paradisaical setting: Alcantara truly is an economic and technological trump card in several respects, a card handed to Brazil as a gift from Mother Nature. The reason is simple: because of its proximity to the equator, the base is endowed with the "catapult effect," a natural resource that facilitates lifting any apparatus into equatorial orbit, resulting in a 25 percent savings on fuel.

For example, a rocket that requires 2 tons of fuel to reach space from a launch site at Cape Canaveral in the United States would need only 1.5 tons if launched from Alcantara. To express this advantage in terms of money, this past February Brazil spent $14 million to have the Americans put the SCD1, the first Brazilian-made data collection satellite, into orbit. The same operation would cost $11.5 million at Maranhao.

Delay

The Alcantara base is the principal key that can open the door to independence in aerospace technology for Brazil. The plans of the All-Brazilian Space Mission (MECB) can be summed up into four stages: the launch base, the satellites, the satellite launch vehicles, and the tracking and control facility. Once these phases have been completed, launching a Brazilian space shuttle, for example, would cease to be a utopian dream to become, even if it were to take decades, a step that might be compared to that taken by the American Neil Armstrong, who 24 years ago placed a marker from the Earth on the Moon. However, to conquer space completely autonomously and keep its membership in the exclusive space club, Brazil will have to complete the only stage that seems to be a tricky one: building the Satellite Launch Vehicle (VLS).

That stage, now three years behind schedule, could even further compromise the Brazilian Mission plans to place three more satellites in orbit by 1996 without direct assistance from foreign technology. These satellites are the SCD2, the SSR1, and the SSR2 (the latter two are for remote sensing). The first answer to the delays in the mission is related to a shortage of funds. From the time it was first designed in 1989, to the fourth phase of construction reached this past April with the launch of the VS-40—a sort of rocket used for experiments—the VLS has absorbed $280 million. To complete it by 1995 would take another $38 million, a sum there is no guarantee that the government will disburse. The greatest resistance to the success of the mission is tied, however, to a question of international politics that certainly has an economic connotation.

According to Tiago da Silva Ribeiro, director of the Aeronautics and Space Institute (IAE) [expansion as published], the agency responsible for developing the VLS, the Group of Seven (United States, Canada, Great Britain, Germany, Italy, France, and Japan) has been putting pressure on countries that are interested in achieving aerospace autonomy. A UN document entitled "Access to Outer Space Technology: Implications for International Security," a copy of which the IAE director has obtained, names Brazil as one of the countries that will probably encounter obstacles in rocket development and launching. The American

press has published articles in which experts say they would not let the VLS be finished," Ribeiro charged. [quotation marks as published]

More optimistic, Colonel Carlos Ancilon, director of the Alcantara Launch Center, insists: "There is plenty of coordination among the CLA, the IAE, and the Ministry of Aeronautics, and this will permit success by 1995." He agrees, however, that Brazilian autonomy bothers its competitors. The fact remains that while the Americans go into space to tinker repeatedly with their satellites as if they were working on the family car, and the Japanese lay plans to build a city of 100,000 people on the Moon in 2050, Brazil faces yet another challenge in asserting its creative spirit and showing that in terms of aerospace technology, it can be part of the First World.

[Box p 23]

The Catapult Effect

The source of the catapult effect is strictly geographical. The closer the base is to the equator the more positive this effect will be and, consequently, the greater the speed an apparatus will gain when launched into space. Translation: at sites close to the equator, the movement of the Earth, which turns on its own axis, is slower and is prolonged by having to cover a circumference of 40,000 km. At an extreme point like Antarctica, the movement corresponds to zero degrees; there is no circumference because the extreme turns on itself as if it were a toy top. In practice, this means that a rocket launched from Alcantara or some spot very close to the equator achieves an initial speed of 1,300 km per hour. From Antarctica, for example, the tangential velocity is zero. This explains why Alcantara can perform the operation 25 percent more cheaply than Cape Canaveral, in the United States.

The Alcantara Launch Center, which is 2 degrees south of the equator, is the only site in the southern hemisphere that has the catapult effect. In Italy, this resource was being exploited at a small base that was later deactivated as obsolete and potentially unsafe. American and Japanese bases, among others, use the catapult effect, but do not exploit it to the same extent.

* Franco Views Economic Plan, Debt, Cuba

93SM0274A Mexico City EXCELSIOR in Spanish 2, 3 May 93

[Article by Regino Diaz Redondo on interview with Brazilian President Itamar Franco on 1 and 2 May in Brasilia]

[1 May pp 1-A, 10-A, 11-A, 12-A]

[Text]

Itamar Franco: Military Dictatorship Blamed for the Debt

Brasilia, 1 May—On a bright, brisk morning in this city, which has been laid out as if it were a game or a piece of clockwork, the president of Brazil, Itamar Franco, says that "the direct blame for this country's heavy, extremely heavy foreign debt belongs to the military governments during the dictatorship. They, the rulers, were unable to see the changes in the international economy or the 1973 oil crisis, and when they ought to have halted spending, they borrowed more."

The conversation between EXCELSIOR and the chief executive, who took over five months ago when Fernando Collor de Mello was found guilty of passive corruption and immediately removed from office, began in the presidential office at Planalto Palace, where Getulio Vargas governed the nation for 19 years.

Another explanation that Franco gives for the inordinately large debt is "the sizable spending on nuclear research, which totaled $30 billion, with very poor results. When international interest rates rose, we kept on borrowing. Forty percent of Brazil's external debt consists of interest on interest. No capital came in. As soon as the rate hit 21 percent, everything became impossible. There was poor management in these areas."

He asserts earnestly and firmly that "neither Sarney nor Collor de Mello, and much less I, have increased the debt; the borrowing stopped, and negotiations on payment began." Although he acknowledges that the debt is "unpayable," he explains that "previously, creditors did not think so. They thought that it was a political problem, but now they realize that this was not true, and we had and have to adopt an ethical stand against squandering the borrowed money."

During the interview Franco was accompanied by his foreign minister, Fernando Henrique Cardoso; the press secretary of the presidency, Francisco Baker, and the diplomatic adviser for international affairs, Vera Pedrosa.

The following were the most salient remarks during our lengthy conversation:

1. Brazil has submitted a respectful protest against the protectionist move by the U.S. Government against Brazilian steel and orange juice exports. The latter item is the one for which the highest duties are paid at New York Customs. There is an additional tax of $492 a ton. The protest was an official, diplomatic one during the GATT meetings.

2. We are going to fight, though, and not accept paternalism or submissiveness. Our foreign policy is independent. If we open up our economy, why not demand the same from the United States.

3. Twenty percent of Brazil's population (32 million people) lives in extreme poverty, and this aggravates the social crisis.

4. We thought about what to do: either adhere to the orthodox, or superorthodox, methods of austerity programs, real shock treatments, antidemocratic measures, and confiscations, or do things the way we are now, in a

democratic, transparent manner that keeps the public deficit under control, with the government spending only what it can. Not like before.

5. Those who came out for a drastic solution to the problems of the domestic economy failed. Monetary controls and high interest rates did not reduce inflation. On the contrary, there was a brutal increase in unemployment, which has remained very high.

6. We have the support of the Federation of Industrialists of Sao Paulo State (the largest private sector organization in this nation). In other words, we dispelled the uncertainty that the government was without a direction and was lost. My program has not used magic policies or packages.

7. Under past governments, especially under the deposed president's, Brazil's highways became impassable, and today they are completely neglected. Under our economic plan we are also fighting to create hope among Brazilians, who have been disillusioned until now.

In a prominent spot on the table around which we spoke, with Itamar Franco seated behind it, is a bust of Tiradentes with a rope around his neck. He is the hero and martyr of Brazilian independence who was captured and hanged in the public square by the Portuguese colonialists in the 18th century. Tiradentes is a hero to low-income and left-wing sectors in Brazil, a contrast to the figure of Emperor Pedro I, the first ruler of independent Brazil, whose portrait adorned the presidential office until recently. At one end of the spacious room is the Brazilian flag. At the other is the flag of Minais Gerais State, where the current president served as a mayor; he was born a few kilometers at sea while his parents were making a crossing. The flag consists of a red triangle on a white background with a Latin motto: "Libertas quae sera tamen," which means "Freedom even if belated."

Like all chiefs of state and heads of government in debtor nations, Franco is justifiably obsessed with the foreign debt that his country has accumulated. He says, though, that "Brazilian state-run enterprises are worth around $100 billion, whereas the government's domestic debt is barely over $30 billion."

Nevertheless, "we cannot privatize all of the enterprises without rhyme or reason or dispose of their assets without an appropriate policy. I will tell you, however, that in the oil-related enterprises we have only a partial monopoly. In Petrobras, for example, we have 50-odd percent government ownership, with the rest of the money in private hands, in the form of shares that are sold on the stock market. I want to pursue the same policy in the electric power sector."

To him the answer is to "combat inflation with development. We are going to lower it, because we will eliminate high bank interest rates. Financial speculation encouraged extremely high interest rates that led to higher inflation."

Using simple gestures, at times looking at his colleagues, Itamar Franco goes on to say: "The privileged few, those who wield economic power, must realize that they have to renounce their pettiness and cooperate. I urge businessmen not to hike prices excessively, as the pharmaceutical industry has done till now, just like in the United States."

He keeps emphasizing the foreign debt issue: "The foreign debt is obviously a major problem. But Brazil is making its interest payments promptly. The creditors are not protesting, and we are about to conclude the agreement with the private banks for some $56 billion, $10 billion of which we owe to Brazilian banks themselves. We are paying them half of the interest agreed upon. This year we are going to pay out easily $4 billion in interest alone, and close to $6.8 billion on the domestic debt, so you will see that the latter is more of a burden on the Treasury than the foreign debt is. Our exports are over $40 billion, which means that the interest payments we make to foreign creditors represent 10 percent of the nation's exports. Our gross domestic product is $450 billion."

A dialogue is also being developed right now with the Legislature and with people who are interested in the issue so that the Central Bank can be separated from the Treasury. It cannot continue like this. It has to be more independent so that its power does not have an adverse impact on the State. Inflation, at approximately 26 percent, is under control.

He notes energetically that "this program is similar to the one that has been implemented with good success in Mexico."

A staunch advocate of the idea that there cannot be a good economy without social well-being, he says that combating poverty is indispensable because at some point poverty could cause serious social upheavals that would damage democracy. Moreover, this is a transition government.

The chief executive was born in 1931. He is registered in Juiz T. Fora, an industrial city in the State of Minais Gerais. He is an engineer by training and studied business administration. From 1974 to 1980 he was a senator for the Democratic Movement of Brazil, the only opposition group that the military dictatorship tolerated. When Collor chose him as his vice presidential candidate, the ex-president reportedly looked on him with disdain. He is a flexible, realistic politician who supports deregulation policies, free trade, and privatizations. Now he is a man without a party. He belonged to National Reconstruction, which Collor founded in 1989, but left in April of last year because Collor made changes in the cabinet without consulting him and because the virus of corruption had already penetrated the government. To him the prototype of nationalist policies in Latin America is the Mexican Revolution.

Although he is reportedly unaccustomed to behaving like a statesman, he is the antithesis of someone who could serve as a monarch.

Last Sunday the country held a plebiscite in which 66 percent of the people voted for a republic and 10 percent for a monarchy, 25 percent for a parliamentary system, and 55.1 percent for a presidential one.

There is an inconsistency in the current chief executive's administration. Franco created the Secretariat of Strategic Affairs, whose functions are similar to those of the former National Information Service under the dictatorship, and he appointed as its head an admiral who had previously served as commander of the navy.

His current finance minister, Eliseu Resende, is heavily criticized in Brazil for his reportedly "unclear" background, but he is a friend who enjoys Itamar's complete trust, as does the foreign minister. There is talk that corruption persists, that big capital continues to apply pressure, and that the government could investigate private accounts. All of this, however, is merely a rumor making the rounds of all political circles in this city.

He is quite clear about the free trade agreement (FTA): "We are very calm and unconcerned about it; much less are we against it. Brazil is never going to oppose the FTA. I do not think that this North American Free Trade Agreement is going to steer capital investment away from Brazil and towards Mexico." He notes that "we are going to reach a positive and civilized accord on the foreign debt that the military was unable to reach during its time in power."

He then explains emphatically: "Either we struggle against our people's utter poverty or else we sink into chaos."

Below we reproduce some of the questions and answers in the interview:

[Diaz Redondo] What is the current situation under the plan? Is it reducing inflation? By how much? How are you going to lower it without a price freeze and wage hike?

[Franco] I want to tell you a little story about the plan, its rationale, and why it emerged at this juncture in the Brazilian economy. For many years Brazil pursued plans that included monetary controls and high interest rates because it felt that these were the ways to combat inflation. The outcome, unfortunately, was a brutal rise in unemployment, while inflation remained very high. The government was thus forced to take a new direction this time. Brazil's economic order is unjust. About 20 percent of Brazil's population lives in extreme poverty, and this worsening economic order obviously leads to a more severe social crisis. The government team thus faced the dilemma of either retaining these monetary controls and combating inflation this way or seeking development for the country and, at the same time, combating inflation. This was the big issue that the government had to tackle when I took over as president.

We wondered what to do. Stick to the orthodox and superorthodox methods, as some wanted? The business community in particular was very eager to know what we were going to do, in light of what other presidents have done: austerity programs, real shock treatments, antidemocratic measures, and confiscations. The pessimists or those who wanted the Brazilian Government to opt for a drastic solution have now seen their expectations frustrated. This plan is exactly the opposite. It is not a "shock" plan but rather a democratic, transparent plan, a plan with goals under which the government shares responsibility with the National Congress. And what are we trying to do? We are trying to lift the country up from economic impoverishment and, in particular, social crisis. Concurrently, the plan seeks to keep the public deficit under control. The government is going to spend only what it can afford, but at the same time the government seeks to develop all aspects of the economy, of the churning Brazilian economy. But the government is aware that it alone cannot drive the Brazilian economy. Employers and workers must also become involved in this effort by the government. The government obviously has a major role to play in this attempt to get the Brazilian economy moving, but the understanding of employers is fundamental."

[Diaz Redondo] Have they understood?

[Franco] Well, I have just received a telex that shows the new attitude among employers. The powerful Federation of Industries of Sao Paulo State, a powerful state in Brazilian industry, has now conveyed to me its praise for the new plan. Until a few days ago the Industrial Federation and many people in Sao Paulo were opposing us head on, saying that the government had no direction, that it was lost, and that headway needed to be made. The Industrial Federation of Sao Paulo in particular was afraid that we might employ economic shock treatment. Now, however, they send me a telex expressing their satisfaction with the new economic plan, which they call a true handbook of correct economic vision because it embodies the ideas that Brazilian society defends and is not at odds with it, as was the case in the past. The industrialists underscore their praise for my decision not to apply any economic shock treatment or to try any magical policies or packages during my administration. You can see that this first positive response to the plan comes from industrialists and indicates that the plan is consistent. I am going to show you that the same is the case with agriculture. The government based its answer to the crisis on four fundamental points, while always bearing in mind the development of the economy, without disrupting it, because it realizes that it is no crime for a country as large and as important as Brazil to have a market and for the market to be fundamental in the great world society. We have immense natural resources and today we are one of the major agricultural frontiers in the world, not just Latin America. This is why my government has made agriculture one of the

main points in the plan. In fact, agriculture is the number one item in the plan. We are going to promote it in every way, but with a differentiated view, because in the past the government focused solely on agriculture from the standpoint of supply. Now it will be the opposite; the government is interested in supply but is aiming at its source, production. And through production we are going to award major incentives ranging from the improvement and fertilizing of soils to the construction of warehouses and silos on farm holdings themselves so that at harvest time the farmers can store their produce right there and protect it against any eventuality and, at the same time, maintain the government's strategic inventories that we put on the market when there are shortages.

There is another area in which we are going to take urgent action: highways. I do not want to find fault, but under previous governments, especially that of the president who has been removed from office, Brazil's highways became impassable and today are completely neglected. This boosts costs, not only in terms of expenditures on equipment, trucks, buses, and cars, but also and mainly in terms of transportation costs. And this causes very serious problems in farm produce distribution. We are going to invest a great deal in highways, not only to repair them but also to create jobs.

The plan also seeks to resolve the housing problem, which is very serious in Brazil. There will be specific measures to promote housing construction, where there are still major shortfalls, especially in low-cost housing. In all of this my government seeks to address the social issue. We feel that the social aspect cannot be excluded from the economic plan, particularly in a country like ours.

My government is interested in combating what we have clearly identified as the problem of hunger and poverty. Now obviously, at the outset, we will implement emergency measures, almost palliatives, but afterwards, as the plan becomes established, we are going to create jobs to resolve the problem. And we are going to modify the land tenure system because we want to achieve a broad reform that resolves the severe injustices in agriculture, which are to blame for the awful confrontations that are taking place in the Brazilian countryside. Through all of this we are going to make huge progress in the social sphere.

The plan is economically coherent and pursues a social objective, above all. At the same time, though, its main purpose is to bring hope to Brazilians, who at the moment are frustrated and pessimistic not only about the government but also about the very quality of life in the country.

[Diaz Redondo] And what about privatizations? Will there be changes?

[Franco] I want to talk to you in detail about our ideas concerning privatizations and how the government is addressing them. Today we have about $100 billion in Brazil's state-run enterprises, while the domestic debt is relatively small, barely over $30 billion owed by the State. But we cannot dispose of these assets of the state-run companies, we cannot privatize them without an appropriate policy. We realize that the State has to let go of certain public enterprises. There are sectors in which the State today no longer needs to operate, such as the specific case of the iron and steel industry. But how can we dispose of these large state-run enterprises without also providing social answers? The government hopes to use proceeds from these sales of state-run enterprises to invest directly in sectors like science and technology, health care, public safety, and environmental protection and, in addition, to pay off the domestic debt. The Brazilian Government's privatization philosophy is broad-based, and there are obviously strategic enterprises that the Federal Constitution will not allow us to sell off. We live today under a full-fledged constitutional order in Brazil, and these enterprises will not be privatized.

[Diaz Redondo] Which ones, for example? The oil company?

[Franco] Yes, oil is an example, Telebras in the communication sector. They cannot and will not be privatized. But I would clarify that these enterprises are only partial monopolies. In Petrobras, for example, the government owns just 50-odd percent, but not the rest.

[Diaz Redondo] The rest belongs to the private sector?

[Franco] Yes, the private sector, shares sold on the stock market. And this is also what we want to do with the electric power sector so as not to lose control of it, which the constitution does not permit, nor do I personally want to. There was never a complete nationalization of the oil sector in Brazil, because much of the capital is money from the sale of shares on the stock exchange.

[Diaz Redondo] Why are you so sure, Mr. President, that inflation is going to decline under this plan, while wages will not rise much?

[Franco] We have a very solid foundation, as I told you at the outset. All of the plans developed by previous governments in Brazil sought to combat inflation with a tight monetary policy, high interest rates, so as to bring on a severe recession and unemployment, which in the state of Sao Paulo alone stands at more than 1.5 million. So these were the policies that prevailed for 12 or 15 years in the Brazilian economy, but they have proven incapable of combating inflation, especially in a country with Brazil's distinctive characteristics. Each country has its own particular traits, and in our case it has been fully demonstrated that inflation must be fought with development. This is my government's message. Why do we think that inflation is going to decline? First, because we are going to end high bank interest rates. Financial speculation, or the "financial sieve" as we say in Brazil, brought high interest rates that determined the rate of inflation, at times with the help of the Brazilian Central Bank itself. When the government balances its primary

budget and brings interest rates down, we want businessmen who say they agree with the plan to be responsive to the government's efforts and intentions, though we will not intervene in the economy or control prices. I just told the president of the National Confederation of Industries, who is also a senator and who was in this office just a few minutes before you, that if the government makes this effort with a plan that does not call for intervention in the financial market or the economy, we hope that businessmen understand this message. Particularly in the foodstuffs sector we hope that businessmen halt excessive increases, which is also the case in the pharmaceutical industry. Today, many people find it odd that my government is fighting excessive price hikes, but they are forgetting that President Clinton himself is attacking the excesses of the pharmaceutical industry in the United States right now too.

[Diaz Redondo] Your finance minister is in Washington, and the plan has been submitted to the IMF and the World Bank. Is there any news to the effect that it has been well received and given due consideration? What does Brazil need aside from reducing, not increasing its external debt? How much capital does it need invested here?

[Franco] The foreign debt is obviously a major problem, but we are a democratic government and in Brazil's case we must abide by the decisions of Congress, particularly the Senate, which is supposed to look into and decide on the problem of Brazil's foreign debt. And the Senate has set certain conditions. Foreign Minister Fernando Henrique Cardoso, who was a senator at the time, was one of the rapporteurs in the investigation into the foreign debt. I was no longer a senator. The handling of Brazil's long-standing foreign debt is subject to that set of rules laid down by the Senate. Our negotiators are at liberty to a certain point. And in this regard they conducted a tough negotiation, first with the Club of Paris, which is over, and now unilateral negotiations with the official creditors. Brazil is paying the interest on its debt punctually. Neither the banks nor creditor governments are protesting, because we are paying. Now we are about to conclude the negotiations with the private banks, for some $56 billion, $10 billion of which is owed to Brazilian banks themselves, including the Bank of Brazil (the central bank). In fact, we owe overseas creditors $56 billion out of what is being negotiated with private banks. We are almost done now, in accordance with the Brady Plan to reduce the debt and we have already entered into a preliminary agreement. Nonetheless, we are making half of the interest payments agreed upon. The banks are now very much in favor of a final negotiation, and I think that everything will be finished in three or four months.

[Diaz Redondo] But there are close to 500 banks, aren't there?

[Franco] Yes, there are a great many, but in spite of this we are having no difficulties negotiating and this year we are going to pay out some $4 billion in interest. This is part of the economic plan. We will pay out some $6.8 billion on the domestic debt, mind you, I said domestic debt. Note that the domestic debt is more of a burden on the Treasury than the foreign debt. This year we are going to export more than $40 billion worth of goods. Our foreign debt commitments are thus equivalent to 10 percent of our exports, and our gross domestic product is $450 billion. So, if we manage the debt competently, it will not halt our development. The serious point is that in the past the debt put pressure on the Treasury. The Treasury had to purchase the proceeds from exports, which belonged to exporters, in order to have foreign exchange and pay off the foreign debt. But if the Treasury does not take in revenues, it has no way to buy dollars from exporters and necessarily has to print money. This is why the foreign debt caused inflation to heat up inside Brazil. But it is under control today.

[Diaz Redondo] Is this why there is talk of Central Bank independence in Brazil?

[Franco] Central Bank independence is an issue that we are looking into at the moment. When I was a senator, I submitted a bill to establish its independence, and there are still other bills before Congress to make the Central Bank independent. We have debated the issue of Central Bank independence with an academy of jurists and economists, and the government is looking into it thoroughly, but it is obvious that the Central Bank cannot remain as it is. The Treasury and the Central Bank of Brazil must be separated. There have been times when, paradoxically, the Central Bank pressed for higher inflation in Brazil. And these inflationary pressures came to be a typical feature of the policy pursued for years in Brazil.

[Diaz Redondo] As the bank of issue, did the Central Bank put upward pressure on interest rates?

[Franco] There were times when this happened and when a series of actions by the government itself and its economic policy put upward pressure on interest rates. Now though, as far as the domestic debt is concerned, we are going to extend the maturities of government notes. Today government notes come due in 28 days. The government is now proposing to the financial system that these 28-day notes be eliminated and replaced with 15-month notes. This way the government will have tighter control over its own borrowing.

[Diaz Redondo] This sounds a lot like the program that Mexico has adopted, doesn't it?

[Franco] Yes, it is very similar to the program that has already been implemented in Mexico.

[Diaz Redondo] Another thing, Mr. President. I heard you say on television that the country can no longer be left in the hands of the privileged few. Tell me first who the privileged few are. And second, why is it that Latin American countries like Brazil and Mexico have such large foreign debts, which in 10 years grew to more than

$100 billion in these two nations? What is the decisive social or psychological factor? Was money extorted from overseas?

[Franco] When I talk about the "privileged few," I mean to say that 20 percent of the population, more than 32 million Brazilians, cannot live in abject poverty. This is a very serious matter. The government cannot allow such disparity in Brazil's economy and society, with wealth concentrated in the hands of a very few and tending in recent years to stay there. If we were to allow this, not only would it be unjust from a human and social standpoint, but it would also worsen the social crisis itself, and then disruptions could arise in our democracy. The government must have its economic approach but, more than that, it must have a social vision because a nation in which 20 percent of the population is vegetating in abject poverty can turn chaotic at any time. This situation could undermine democracy. We have to be very alert. This is a transition government, and we have made it known to several political parties, even the ones opposing us, that the opposition is going to be respected at all times but that it has to help resolve the country's serious social situation. Parties cannot be concerned only about getting elected. We need to make it through 1993 to get to the elections of 1994. The administration needs the help of Congress and the parties to make it through 1993 and change the atmosphere so that the future president, as of 1995, has a clear road ahead of him.

More than this, the privileged few, those who wield economic power, must realize that they have to broaden their view, abandon their pettiness, and cooperate. This is why I am asking businessmen to cooperate, especially the foodstuffs and pharmaceutical sectors. The financial system will also have to cooperate with the government and alter the policy of high bank interest rates. Society must help to distribute at least some of the wealth that is concentrated today in the hands of a tiny minority.

[Diaz Redondo] I will pose the question again: Why did the debt grow that large? Was it the banks, governments, debtor countries, creditors? Who is to blame?

[Franco] My foreign minister, who was the rapporteur for the foreign-debt investigation in the Senate, might be able to explain it better than I can, but I will answer you. I think that several factors converged. First, governments were irresponsible and failed to grasp the changes in the world economy. After the oil crisis in 1973, when investment ought to have stopped, these governments made further investments. Moreover, they invested in highly questionable sectors such as nuclear power, for example. Brazil spent $30 billion on nuclear energy, and I investigated this issue when I was a senator. The return on this investment in nuclear power was extremely poor. There were also increasing loans to other sectors, and when world interest rates rose, we kept on borrowing. Forty percent of Brazil's foreign debt consists of interest on interest. No capital came in. When the interest rate hit 21 percent, everything became impossible. Let me give you an example. An industrial plant was built with a $100 million loan. The calculations were made on the basis of the plant's output. But the outlays quickly rose by $125, $150, or $200 million. They accumulated. This was what happened under the previous governments that built up the debt. Brazil's military governments are directly to blame. I must add that since the return to democracy, the foreign debt has not increased at all. All of this is the legacy of the military regime. Neither President Sarney nor President Collor nor I, in particular, have added to the debt. On the contrary, the borrowing stopped, and we started negotiating payment.

[Diaz Redondo] Isn't the debt unpayable? It seems that we will never pay it back. Isn't a new proposal from banks and governments needed in the future to arrive at a more realistic understanding?

[Franco] Yes, the debt is unpayable. The first time that Foreign Minister Fernando Henrique Cardoso went to the United States to discuss the debt, Faulkner and Baker from the U.S. Government said that it was a market issue, not a political one, and that there could be no talk about reducing the debt because the market would decide. Now they are in effect accepting a reduction because they have realized that the debt is unpayable. This sort of broad understanding among all parties to the debt must indeed be sought, but we, the debtors, have to adopt an ethical stand against the squandering of borrowed money.

[Diaz Redondo] What do you think of the FTA? What is Brazil's stand on the FTA?

[Franco] I told President Salinas very clearly at our meeting in December in Buenos Aires that the Brazilian Government is as calm as can be about the FTA. The Government of Brazil is not at all worried about, much less opposed to, the FTA. On the contrary, we think that the agreement will encourage Mexico to enter into agreements with us, especially given Mexico's geographic location with respect to the United States and Canada. The fact that a Latin American country like Mexico is engaging in free trade with the United States and Canada can only be positive for Brazil and Latin America. This is why Brazil is never going to oppose the FTA. Our foreign policy today, under the guidance of Foreign Minister Fernando Henrique Cardoso, is very open and clear-cut in this regard. Countries ought to set up their economic blocs. Today there is a single military superpower and, on a second level, various economic blocs like Europe and Japan, besides the United States. These three are the economic powers of the moment. There is a third level, which I call the dispersed countries. Brazil is at this level and is also entering into agreements with bordering nations, like Mercosur. As for the FTA, Brazil's foreign policy is guided not only by the president's decisions but also and above all by the sensitivity of the foreign minister, who has a profound view of the integration process.

[Diaz Redondo] Are their misgivings or worries that U.S. investment might increase in Mexico, if the FTA passes, and thus shrink in the rest of Latin America?

[Franco] No, not at all. We are not at all worried about that. In fact, Brazil's trade today is very diversified, reaching into other regions of the world. In Latin America, for example, Brazil is Mexico's number one trade partner. Close to 60 percent of Mexico's exports to Latin America go to Brazil. After Argentina and Chile, Brazil's biggest trading partner is Mexico. To give you an idea, in 1991 trade between Brazil and Mexico was more than $1 billion. In just the first half of 1992 it hit $900 million. There has been a very large increase in trade between Mexico and Brazil, but it is expanding even further because as you said a while ago, we have some common ground, mainly common ground between our two governments on the importance of our economic plans. The current governments of Brazil and Mexico are in agreement on how to combat the social scourge besetting our peoples. We want to get to the root of the problem. The important thing is this identification between Brazil and Mexico. Isn't that right, Mr. Foreign Minister? (The Brazilian president addresses the foreign minister, who nods.)

[Diaz Redondo] Are you going to visit Mexico around August?

[Franco] The president of Brazil would certainly like to, but it still depends. I think that the two foreign ministries do not want me in Mexico so early...(he smiles and almost laughs in jest)

[Diaz Redondo] There is a very aggressive commercial on Brazilian TV against your government: "Private schools are not unfair; inflation is. The government should keep its word." Who is being hurt, and why are private schools protesting like this?

[Franco] A commission is being formed under the direction of the education minister and will include representatives of private schools and of students; it will examine thoroughly this problem of rising school tuition, which is a very complex one. At some point in Brazil's development process, mainly under the military regime, public schools lost much of their importance. Most of us were educated in public schools, but at some point the Brazilian middle class started sending their children to private schools because the public institutions no longer offered their children the best education. Today, however, we want to show once again that public schools are as good as private ones. In the next few days we will reach a civilized agreement on tuition at private schools. But if my administration notices distortions in higher tuition, it will take action, but always in accord with Congress. This is a very important problem in Brazil because not only is the idea of defending ourselves against excessive hikes by certain private schools involved, but the government will also have a chance to show the people that they can believe in public schools. To this end, the government has to invest in education, improve schooling, and boost the status and pay of teachers. We want to prove that the new direction in economic policy is also going to make a positive change in education.

[Diaz Redondo] With regard to the United States, it is obvious that the program put forth by President Clinton is going to call for protectionism, which has always existed, and that this is going to hurt us. To what extent is Brazil going to be harmed by this? What is your opinion?

[Franco] (smiling wryly) Foreign Minister Fernando Henrique has already conveyed Brazil's respectful protest over this action by the U.S. Government, particularly as concerns steel and orange juice. Look at how absurd this is: orange juice from Brazil pays more than any other U.S. import to the New York customshouse. Now there is an additional duty of $492 a ton, and remember that we export $2 billion in orange juice. Steel and orange juice are Brazil's main exports to the United States and are being penalized. We even called for the enforcement of the GATT accords, besides filing a formal diplomatic protest. We have acted effectively and brought these cases before GATT to protest them. In each instance we are going to fight.

They must understand that owing to its economic and geographic importance Brazil wants up-front dealings and a mature relationship with the U.S. Government. We want everything done in such a way that the two countries will be on common ground.

[Diaz Redondo] In the sense of no paternalism or submissiveness?

[Franco] Exactly as you say. Our foreign policy is an independent policy. Since we have opened up our economy, why not demand equal treatment from the United States? Why should we be the only ones who open up our market?

[3 May pp 1-A, 10-A, 11-A, 12-A]

[Excerpts] Brasilia, 2 May—"I think that Cuba could indeed rejoin the OAS now, mainly if there are negotiations in this direction and if Cuba liberalizes its system. I ask myself: Why couldn't Cuba belong to this organization?"

The Brazilian Government does not like intervention in other countries, not even in Haiti, and there must be changes in the OAS so that democracy within it matures and expands, says President Itamar Franco, adding: "In the case of Haiti I am certain that the situation is terrible, but it is not a threat to world peace."

Discussing various international issues and interspersing them with domestic political matters, the Brazilian chief executive says that "the end of the Cold War has changed the entire world makeup. The UN has to operate on a more impartial foundation. My government would like the Security Council's decision-making process to be

marked by greater transparency and democracy, although it will take some time for everything to unfold."

Itamar Franco feels that "the participation of nations on this Council must be expanded...How? We shall see later on, but we do not like having just five countries with veto power. The presence of Japan on the Council cannot be ruled out."

Although it seems that there will no longer be a nuclear confrontation, he underscores, other crises caused by various regimes around the planet have arisen. "I ask not only that an agenda for peace be looked into but also that the UN develop a strong, firm agenda for development. Spurring it is imperative because there is no longer a bipolar international confrontation. Equilibrium is important."

He now talks about an issue that has been little analyzed up to now, punctuating his remarks with colloquialisms and stressing that "it was initially thought that we would have a crisis only in the southern countries. We can now see that the crisis is moving towards the nations of the north."

He also notes that "we look with concern on the rebirth of fascism. There are now wars with religious overtones marked by a brutality typical of the worst fanaticism."

Before continuing his analysis of the world situation, he inserts a few comments about Brazil: "The presidential system did win in the plebiscite, but I was against it. I and the foreign minister are for a parliamentary system. I am a long-time advocate of it because I think that this system provides for the greatest political responsibility and would be an ideal way to organize government in our nation. Brazil has now opted for ethics against the unholy alliance of those who seek to take advantage of the State and those who want to 'hollow out' the State."

As for the possibility of establishing a common market throughout the Americas in the future, he says: "If it were to happen, Brazil would be heedful of and interested in it. The most powerful, richest nations must realize that the development process in our countries needs their technological help; they must stop thinking about protectionism. Otherwise, there will be complications."

He explains the vote for a presidential system in the plebiscite by commenting that "it is perhaps due to the most recent political developments in Brazil. There had been a white parliamentary system [parlamentarismo en blanco], he jokes. But when the presidential system won, I told my ministers that it was all over; now the system is completely presidential."

Amid laughs he says that "some say we are becoming Mexicanized."

Regarding Brazilian political parties, he thinks that "they do not yet have a foundation for ideological discussion or for presenting options. In order for a parliamentary system to be successful, you have to have a stable, competent, and uncorrupted bureaucracy. The polls says that Brazilians do not believe in the civil service, and they do not believe in it because it really is deficient."

He refers to the Brazilian military once again: "The Armed Forces are a stable, democratic institution today. Brazil emerged from a very serious political crisis when it removed a president accused of corruption from office. Yet now you cannot see a single soldier anywhere. The Armed Forces remained calm and uninvolved in this Collor de Mello affair."

Lastly, he asserts that "I am indeed quite pragmatic, but a pragmatist who is neither an individualist nor an egotist, but rather a pragmatist who acts for the benefit of the people on fundamental issues." [passage omitted]

The following is the rest of the conversation between EXCELSIOR and President Franco:

[Diaz Redondo] I would like to talk about international politics, the surprising changes in recent years. Let us begin with Latin America and the OAS. How do you feel about the OAS? Is it efficient, does it need to be reformed, and in what way? Should Cuba rejoin the OAS?

[Franco] The OAS made a few changes recently in its charter, mainly concerning the breakdown of democracy in our country. We have to see how this change unfolds before reaching a conclusion as to its results. We have one example in the case of Haiti, where we undertook efforts, with OAS involvement, to bring back democracy. The Brazilian Government does not like intervention in other countries, not even in Haiti. But there must also be respect within a country for the constitutional, democratic order. This is why we have supported the OAS in its operation to salvage democracy in Haiti. We think that the OAS has to play a major political role. Brazil prefers multilateral to bilateral negotiations. It is important to give the OAS more power, and if the OAS concentrates on preserving democracy, we think that that is fine. Now then, this has its limits, because Haiti has to be discussed in the General Assembly of the UN or the OAS, but not in the UN Security Council. Haiti is no threat to the world order. We are not in favor of any intervention and we emphasize that the local situation in Haiti, although it is awful, is not a threat to world peace. It is a matter for the OAS and has to do with the breakdown of democracy. As for Cuba, in recent years Brazil has had normal diplomatic relations with Havana. We have never been as close to Cuba as Mexico has, owing to geography, but Brazil is very close to Cuba today, even if we are far apart geographically. Since we have normal relations with Cuba, we can afford to play a go-between role and we are prepared to do so; we want the domestic efforts for change in Cuba to be consistent with what the Cuban people want so that they can move towards respect for human rights.

[Diaz Redondo] Could Cuba rejoin the OAS now?

[Franco] I think so, mainly if there are negotiations in this regard. If Cuba liberalizes its system, I do not see why it could not rejoin the OAS now.

[Diaz Redondo] Mr. President, with regard to the UN, it is obvious that there is only one superpower today. It is obvious that the UN is stuck at the end of World War II, an era of catastrophe when a Security Council with five countries that had veto power over what the others decided was formed. Wouldn't it also be appropriate in some way to change the Security Council and the UN and make them stronger so that the developing countries are also represented on the Council? In other words, increase the number of members of the Security Council.

[Franco] In the discussions that I have had with Foreign Minister Fernando Henrique Cardoso we have reached several conclusions that represent the view of the Brazilian Government today. The first and obvious one is that the end of the Cold War has completely altered the distribution of world power. Consequently, there are opportunities in the United Nations for greater multilateral cooperation on a more equitable foundation. The Brazilian Government wants to lend greater transparency and democracy to the Security Council's decisionmaking. We feel that this is fundamental to world peace and to the new approach that must be taken now that the Cold War is over. The issue of the Security Council's makeup has been on the UN agenda since January 1992. It will take some time for everyone to reach mature conclusions. But Brazil favors having more countries on the Security Council. Brazil sits on the Security Council at the moment, but we still want to see a change considered so that certain countries have greater participation in the Security Council, because the guidelines that were followed in distributing world power have become meaningless now that the so-called Cold War is over.

[Diaz Redondo] Do you mean greater participation with a rotation of countries?

[Franco] We will see how all this can be done. For the time being we feel that it is important to expand participation. We will look into the type of participation later on, but we are obviously not satisfied with having only five countries with veto power. We have to think about expanding the number of permanent members of the Security Council.

[Diaz Redondo] A few days ago the president of the Philippines told me very forcefully that Japan, which lost the war, ought to be on the Security Council. Do you agree?

[Franco] We see Japan in a very important light today and we sensed this same feeling at the Rio summit on the environment. Foreign Minister Cardoso has just hammered out agreements with the Japanese Government that include incentives for the Brazilian economy. Japan deserves a prominent place on the international scene today. The world has ceased to be bipolar, as Henry Kissinger used to say. The world today is no longer bipolar in terms of military power. Even though one country is very strong militarily, as I already said, Japan, Europe, and the United States itself are at an intermediate level from an economic standpoint. So it is obvious that Brazil cannot ignore a possible seat for Japan on the Security Council.

[Diaz Redondo] Wouldn't a counterbalance to the United States as a single military pole be needed? A military counterbalance or disarmament by the United States itself?

[Franco] If the United States made an effort a disarmament, that would obviously be significant, because in fact there is no bipolar international confrontation anymore. So why all this arms buildup? Disarmament is important, but so is a counterbalance. This is why we think that more countries, not just the big economic powers but also countries like ours, Brazil and Mexico, or the Asian countries ought to have stable seats on the Security Council and play an active role in peace-keeping efforts, through decisions that are actually made jointly.

Some people even wonder whether there is an advantage to having just one military superpower, and this could lead to a theoretical, abstract debate. The end of the Cold War seemed to herald the end of nuclear war with detente in international confrontations. This has been essential, but we realize that there are other crises in other regions of the world, crises of a different sort. This is why Brazil has brought before the UN a proposal that not just an agenda for peace be considered. The United Nations must also forcefully and strongly establish an agenda for development. At the meeting that we will be holding in July, the Ibero-American Meeting, we may also look into adopting at international forums an agenda that focuses on our peoples' development.

There can be no peace nor can society be kept calm unless there is domestic solidarity, unless there is development in our countries. In the case of Brazil, the big threat to democracy is poverty among large segments of the population. I think that this also goes for many countries on the continent and throughout the world. The overriding aim of the authorities is to eradicate poverty and resume development. There can be democracy only if there is domestic solidarity. This is why there has to be an agenda for development at international forums. Peace now means development.

[Diaz Redondo] Would you be in favor of establishing a common market throughout the Americas, including the United States, in the future? A common market consisting of, for example, the FTA, Mercosur, the Group of Three, the Rio Group? Would this be the ideal way to create a power comparable to all of Asia, not just Japan, and on the scale of the European Community, which by the way is going through some tough times?

[Franco] I think that if this happens, Brazil will be very heedful and interested. As I said, Brazil has no problem with the formation of blocs. We have no problem with the FTA, and this is why we are interested in expanding the field of activity. However, the most powerful, richest nations must realize that the development process in our

countries needs their technological help. They have to stop thinking about protectionism and realize that our development is necessary in order for there to be peace and understanding. In contrast, though, if the powerful, rich nations do otherwise, whether through protectionism or by restricting access to new technologies, this may cause complications. We have very many examples of this here in Brazil.

We want the Brazilian people to understand at this point that there is no reason to despair and that, instead, they should be optimistic because the country needs to grow and is going to grow in its output and market to realize Brazil's potential. We really have a large industrial machine, we have gifted minds, we have conditions that still need to be improved greatly, mainly in the countryside in the area of health care and schooling for low-income groups. The prospects are very good. This is, in fact, a transition government. Everyone knows that I came to power as a solution to a crisis in which Brazil opted for ethics against the unholy alliance of those who seek to take advantage of the State and those who want to hollow out the State. I am going to serve only one term. This is why mine is a transition government. But there is a whole generation of young people to whom I must give answers and who want to see the country become a great power, never a military power but rather a power that cooperates with its neighbors and furthers peace in the world, but above all one that can give itself domestic tranquillity.

[Diaz Redondo] Mr. President, as a statesman, to what do you attribute what is happening in Europe? First the change in Eastern Europe, with the collapse of the wall, of course, and second the terrifying problem of Bosnia-Herzegovina and the Serbs. As major economic blocs are being formed, very small economic blocs are also being formed, nationalism is on the rise, ethnic groups are asserting themselves, and there are outbreaks of neofascism in Europe. How would you summarize the current situation, and what do you think of it?

[Franco] It was initially thought that we would have crises only in the southern countries. Now we can see that the crises are moving towards the northern countries. The Brazilian Government is very mindful of these conflicts even though they are taking place in far-off lands. We look with concern on these conflicts, especially the rebirth of pseudonationalism, of neofascism as you accurately describe it, at a time when we all hoped that there would be no more wars as the century comes to an end. But now we have practically religious wars, with a fanaticism and brutality typical of the worst religious fanaticism.

I would like to call attention, though, to one detail about Brazil. Brazil is a country made up of many races, and there is no ethnic problem here. This is one of our biggest advantages, perhaps the only one. This is very important now, because we all used to think that conflicts were peculiar to the south and did not arise in the north. Suddenly we are all taken by surprise that these conflicts can arise in the north too. The kinds of religious wars or wars with religious overtones that we are seeing now between Muslims and Christians are incredible. The U.S. Government itself is now faced with a domestic problem, and not just with Congress, about whether to intervene in these areas of conflict.

[Diaz Redondo] It so happens that both the Russian and the Brazilian Government held referendums and that voters in Russia and Brazil agreed. Did both you as president and Yeltsin score resounding victories?

[Franco] (interrupting and laughing along with Foreign Minister Cardoso) But, in keeping with my background I was against the presidential system that won. Here in Brazil I am for a parliamentary system, like Foreign Minister Cardoso.

[Diaz Redondo] So is a presidential system still the best, or is a parliamentary one going to arrive sooner or later?

[Franco] I want to clarify one detail for your foreign readers. A short while ago I was talking with your correspondent Tavares, who was a college classmate of mine when I was a student leader in the Engineering School and later when we were both involved in the Brazilian student movement. I reminded him (he is now a newsman in Mexico for your paper) that we were all advocates of a parliamentary system and that in 1954 or even earlier we had adopted a parliamentary system of student government. I was a supporter of the parliamentary system from a very young age. I am a long-time advocate of the parliamentary system, as is the foreign minister. We feel that the parliamentary system provides for the greatest political responsibility and would be ideal as a system of government for our country. But obviously the Brazilian people chose a presidential system. [Diaz Redondo] Why? [Franco] It is very hard to say why. It may be that the proponents of a parliamentary system conducted their advertising in a disorderly manner during the campaign. I am not criticizing them, but I would clarify that the government had no influence, no involvement in the advertising for the plebiscite. Although several of my ministers are backers of a parliamentary system, few of them were involved in publicity during the campaign leading up to the plebiscite. The president himself, who was and is an advocate of a parliamentary system, had no involvement or influence in the campaign. I joked with my ministers, telling them until the plebiscite they were running a "white parliamentary system" ["parlamentarismo blanco"] because many ministers are members of Congress. Perhaps I established this white parliamentary system to have better relations with the Congress and to avoid troubles. But now that the people have chosen the presidential system, I told them: "Ministers, the white parliamentary system is over. Now the system is presidential in every way." Some say, as the foreign minister does in jest, that we are becoming Mexicanized.... (laughter)

[Diaz Redondo] That is what they say.

[Franco] The people chose the presidential system in the plebiscite, and we are going to adopt it fully.

I think that the political parties in our countries do not yet have the foundation for a dialogue of ideas, for presenting options. So, unless a firm, though not strong, hand is in control, there could be problems like the ones in 1990-1991, which became the problems of 1992-1993, and they will not go away because they are not just problems of the presidential system since it is an all-out battle there. So the legislators will have to mature before a real balance develops between Congress and the Executive Branch so that a president can emerge.

The situation today in Brazil is unique. If the decision about a system of government had been solely up to the Congress, it would have approved a parliamentary system. But obviously the plebiscite turned out differently. In 1988, when we drafted the new Democratic Constitution of Brazil, we missed our chance to expand a parliamentary system. There would be some difficulties with such a system because we would need new electoral legislation and an overhaul of the parties in order to adapt them to a parliamentary arrangement. Moreover, under a parliamentary system, in order to fulfill administrative goals, there has to be a stable, competent bureaucracy. In Brazil we find this bureaucracy and this civil service in some degree of ruin, and the credibility of Brazil's civil service needs to be restored now. An opinion poll showed that Brazilians have no faith in the civil service and they do not because it really is deficient.

Now, through the minister of federal administration we are seeking to upgrade our human resources so that the Brazilian bureaucracy is worthy of itself. There are some sectors that are still doing a professional job, such as in Foreign Relations. A different president could come in tomorrow and change this or that echelon, but the bureaucracy must remain stable and be competent. To the extent that the bureaucracy is stable and competent and to the extent that there is no corruption, a parliamentary system will become easier, and changes in the cabinet will not mean change in administrative action.

[Diaz Redondo] There are two more things. First, describe yourself as a human being and as a politician, and second, how much influence does the military still have in the government and how much corruption is there between the military and civilians.

[Franco] The Brazilian Armed Forces are a stable, democratic institution today. The events of late last year are an example of this which Brazil has shown to the world, and they have a fundamental meaning (the president is referring to Congress' removal of President Fernando Collor from office on corruption charges). Brazil emerged from a very serious political crisis, one that perhaps no country has ever faced, when it removed a president who had been accused of corruption from office. He was removed within the democratic system, with the vice president replacing him and with the entire cabinet replaced, while the Armed Forces remained calm and uninvolved in the episode. On my trips overseas several chiefs of state have asked me: "But weren't there any soldiers on the rooftops, no tanks in the streets?" I told them: "There were no soldiers on the rooftops and no tanks in the streets."

Brazil's democratic process has matured a great deal in recent years. The removal of the president is, in this regard, a very gratifying example for us, in spite of the sadness over what happened. But it is significant in the eyes of the outside world, which can now look with respect on our country. Our country now honors its democratic order and fulfills its international duties. The overseas image of Brazil is often distorted. Some newspapers and journalists do this, though never EXCELSIOR. At times I have harsh personal reactions; I cannot alter my personality. We know that this is a passing thing in our lives, but I want to again emphasize, after the institutionalization of the Armed Forces in Brazilian political life and after the strengthening of democracy, that the important thing now is to have an economic vision but also, as part of it, above all, a social perspective. The economic aspect cannot be more important than the social one.

This is my approach, and I think that through it our country can more than realize its potential and, as I already told you, perform its mission of domestic tranquillity and international peace. Before I finish, I would like to thank you for being so kind as to interview me, because it is an honor to grant you an interview given its importance and international significance. I really feel very grateful to you.

[Diaz Redondo] Before thanking you, I would like to ask you something else. Are you a pragmatic politician?

[Franco] Yes, quite pragmatic. But a pragmatist who is neither an individualist nor an egotist, but rather a pragmatist who deals with the most fundamental issues of the people.

[Diaz Redondo] Thank you, Mr. President, for having been kind enough to grant this interview, and forgive me for having kept you away from your duties for so long.

[Franco] On the contrary, thank you for having been kind enough to travel from Mexico City to Brasilia to listen to the president of Brazil. If my Foreign Ministry and the Foreign Ministry of your country allow me, I hope to meet you again some day in Mexico and visit EXCELSIOR.

Chile

Pinochet Says Democracy 'Not In Danger' in Chile

PY1106015093 Madrid EFE in Spanish 1502 GMT 10 Jun 93

[Text] Santiago, 10 Jun (EFE)—General Augusto Pinochet, Chilean Army commander in chief, during an

interview published by EL MERCURIO today said that democracy "was not and is not in danger in Chile" as a result of recent military movements or negotiations with the government.

In the interview in the northern city of Iquique before his meeting with President Patricio Aylwin on 9 June, the former Chilean military ruler (1973-1990) said: "It is true that we went through uncomfortable situations, but that has already been discussed."

Pinochet denied that the Army under his command has acted outside the framework of the Constitution since 28 May. On that day strongly armed special forces took positions in downtown Santiago, a show of force that was followed by a state of alert.

During yesterday's meeting President Aylwin conveyed to Pinochet his rejection of the military movements and made him understand that they were "acts of pressure" that created public anxiety and damaged the country's prestige.

The 78-year-old general said that democracy "was never in danger," adding that some people "do not want to understand and are scared because they acted against democracy in 1973, even though they are for democracy now. On that occasion the president (Salvador Allende) trampled on democracy and the situation was very dangerous."

Regarding the "Pinochecks" case involving one of his sons who allegedly illegally received $3 million, the Army commander said that the National Comptrollers Office determined there was nothing wrong with the Army purchase of the "Valmoval" company.

Pinochet did not answer a question regarding his eventual retirement, saying only that "it is a very personal matter."

Uruguayan 'Group 333' Claims Responsiblity for Abduction of Chemist

PY1006204793 Santiago Radio Chilena Network in Spanish 1730 GMT 10 Jun 93

[Text] The self-styled Group 333, reportedly made up of policemen, claimed responsibility for the report that led to the abduction to Uruguay of Chilean chemist Eugenio Berrios Agredo.

In a communique sent to some media in Montevideo, the group apologized to the Armed Forces for the inconveniences caused. It also reaffirmed its respect for the institutional system and requested investigations into alleged police corruption.

The abduction of the former Dina [National Intelligence Directorate] chemist became public on 7 June with the removal of a Uruguayan police chief—on the grounds of this abduction.

Group 333 pointed out that all members of their movement are officers. It noted that it does not intend to destabilize the country.

In the communique, the group asked the Uruguayan police to close ranks around Elvio Hernandez, a police superintendent who tried to protect the Chilean citizen who asked for help.

In the past few hours Hernandez and two [Uruguayan] legislators have received telephone threats, asking them to leave the military in peace, or otherwise they would be killed. The targets of these acts of intimidation were leftist Deputy Leon Lev and Blanco Party Deputy Matilde Rodriguez.

Government Said Collaborating With Uruguay on Abduction Investigation

PY1006135593 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 10 Jun 93

[Text] The Chilean Government has stated that it is collaborating as much as possible with the investigations under way in Uruguay.

Attorney Fabiola Letelier asserted that the alleged abduction of former Dina [National Intelligence Directorate] agent Eugenio Berrios may confirm the existence of the so-called Condor operation designed to safeguard individuals responsible for violating human rights.

The case of biochemist and former Dina agent Eugenio Berrios was discussed during the State Security Council meeting at La Moneda Palace. During an interview with the media, the head of the Public Security Council (Isidro Solis) was very cautious:

[Begin (Solis) recording] The Chilean Government is going to collaborate with Uruguayan Government authorities to determine whether the information is true. [end recording]

Eugenio Berrios is a chemist who, according to information contained in several legal proceedings, worked for Dina in the 70's after which he engaged in other activities. In 1985, following the advice of journalist by Emilio Rojas, at the FISA [Santiago Industrial Fair] Berrios successfully sold a product called Boldina, a boldo [peumus boldus, Chilean herb used for digestive purposes] by-product.

The following video goes back to those days.

[Begin Berrios recording] Boldo is well known, namely, for its digestive properties. [end recording]

Attorney Fabiola Letelier, who this morning met Foreign Minister Enrique Silva Cimma, reiterated that Berrios elaborated and used lethal substances such as Sarin on human beings.

She added that this alleged abduction by Uruguayan soldiers may confirm the existence of groups that protect people charged with violating human rights.

[Begin Letelier recording] If Berrios was abducted with the participation of a soldier or if he was protected, safeguarded, or hidden somewhere by Chilean soldiers, it means that the Condor operation, which is clearly mentioned in the case file, continues operating. This is very serious because it means we are faced with a coordinated action by military policemen who operated during the Latin American dictatorships and still are operating. Therefore, we are now engaged in an investigation that, obviously, goes beyond Orlando Letelier's case, beyond this very serious incident involving Berrios. [end recording]

Information confirmed by 24 Horas states that before his abduction, Eugenio Berrios circulated in Uruguay with a forged identity card in which he is identified as Uruguayan citizen (Tulio Bravo).

If this former Dina agent is found and due to the valuable information he may disclose, it is almost certain that the Chilean Government will request his extradition. However, many believe, among them Fabiola Letelier, that it is quite likely that Eugenio Berrios is no longer alive.

U.S. Actions Regarding Exports Law Criticized

PY1006215293 Santiago LA TERCERA DE LA HORA in Spanish 28 May 93 p 16

[Article by Hernan Garcia M-C]

[Text] Chilean businessman Carlos Cardoen has said that the formal charges filed against him for alleged violating the U.S. exports law represents "the implementation of administrative, trade, and legal persecution which began three years ago against my workers, my companies, and myself." Regarding the charges, he said: "We have not committed any crime and our innocence will be demonstrated."

During a long meeting with his lawyers yesterday in his office, located at No. 906 Ricardo Lyon Street, Cardoen said that "through different legal subterfuges and pretexts, they have tried to harm my honor, my freedom, and my patrimony. The facts currently in the public domain are but the final steps of this campaign of persecution and discredit."

Cardoen said that the charges, made by assistant prosecutor Eduardo Palmer, are based on the records of the multipurpose helicopter which, he says, was illegally confiscated from him.

"On March 3, 1990, the day after Iraq invaded Kuwait, the U.S. customs service confiscated a Bell helicopter modified in Chile by Cardoen Industries and which was at the moment in Dallas waiting for technical approval by the Federal Aviation Administration (FAA). The reason for confiscating it was that it was a military-use helicopter which could be sold to Iraq. By the end of 1990 the Miami federal prosecutor began an investigation to determine whether the activities of Carlos Cardoen or his industries had violated any American law," the businessman said.

He claimed that several of his U.S. offices were raided and some of his properties in Miami and Orlando were confiscated under the allegation that Cardoen had purchased them with money from operations in which the U.S. export law was violated.

"During the investigations prosecutor Palmer extended his jurisdiction to Chile, seriously violating Chilean sovereignty and basic international law principles. He has secretly sent U.S. police agents to question former employees from our industries, threatening them by saying that any omission or mistaken information constitutes a serious crime according to their laws. Palmer has offered rewards to whoever gives him information for his case against me," Cardoen said.

He reiterated that "our trade operations and exports from the United States to Chile were made respecting the law and with the full knowledge of the appropriate U.S. authorities." He said his company fully complied with the embargo established by the United Nations against Iraq and that he was a victim of Iraq when it kidnapped several of his employees.

"It is remarkable that until the invasion of Kuwait no obstacle was imposed on our trade activity with the United States. On the contrary, our trade relations with Iraq were known, specifically by the military, political, and military authorities of that country."

Carlos Cardoen recalls that last February prosecutor Tamen [not further identified], Palmer's superior, "notified my lawyers in writing that proof has been found pointing to my innocence, for which no charges were going to be brought against me on that date, as Palmer had already announced. Despite all this the persecution against me has continued." Cardoen concluded that as a Chilean, father, head of family, and entrepreneur, he reiterated his deep belief "in the legality of my actions and the actions of the hundreds of professionals and employees now working and who have worked in the past in companies in which I have an interest. I am totally sure that the situation will be completely clarified and things will be analyzed in the right perspective."

"I do not trust a U.S. justice system that has legitimized the use of force and the violation of other countries' sovereignty to discriminate against and persecute foreigners," Cardoen said, stressing that he will face this situation "with integrity and trust in the righteousness of my actions."

Colombia

* Rumors of ELN Divisions, Peace Plan Viewed

93WR0250Z Santa Fe de Bogota SEMANA in Spanish 4 May 93 pp 44-45

[Text] Spokesmen of the Army of National Liberation (ELN) have let it be known that they are undertaking "a process of irreversible demobilization." Francisco Galan himself has said so several times from jail. Galan, an acknowledged confidant of Father Perez, was captured a few months ago.

The peace plan that the ELN has sent to Congress through the president of the Senate is consistent with this rumor; in it the guerrilla group again proposes resuming negotiations with the government.

If to this we add the proximity of the election campaign, in which peace will be an unavoidable issue, and the fact that the presidential authority to grant pardons expires in a few months, the scenario for a demobilization is more than possible. The fact is, though, that it is not only uncertain but quite unlikely that the ELN is starting to demobilize.

In his most recent statements Father Perez, being interviewed by a foreign mass medium, has stressed the armed path. At no time has the guerrilla chief left open the possibility that his group will follow the example of the Socialist Renewal Current, the ELN splinter group that has begun negotiating with the government to rejoin civilian life, and demobilize as well.

So far the only thing that the ELN has proposed is a bilateral truce and, in its wake, a resumption of negotiations with the government. The issue of demobilization is nowhere to be seen. For that reason, more than a few analysts say that the ELN is sending out contradictory signals and spreading rumors about its possible demobilization, while Father Perez keeps up his war talk, not because it really wants peace but because it needs to halt the Army's onslaught.

The fact is, however, that the Army's systematic harassment of the guerrillas for at least five months has given it a tactical advantage. There has not been a guerrilla attack in the country for five months now, and the roadblocks have disappeared from highways along the coast, which indicates that the coordinator is being worn down militarily, that it is most likely realigning its forces, and that in the meantime the ELN is emphasizing a resumption of negotiations to gain time.

And it is no accident that the ELN is doing this. If we bear in mind that the FARC [Revolutionary Armed Forces of Colombia] has a greater military capacity to endure an Army onslaught, since the ELN operates militarily in small units of no more than 10 men, the increase in Army troop strength has most likely dealt a significant blow to the ELN.

This is apparently not the only blow that the guerrilla group has received, though. There are strong signs, in fact, that a major rift is under way in the ELN, which would threaten Father Perez's natural leadership. And it is his leadership that has maintained unity in a guerrilla group whose structure rests on broad autonomy for its fronts. To judge by these signs, Father Perez, who represents the great majority of the fronts, is at odds with no less than the Domingo Lain Front, the largest, wealthiest, and most politically consequential front in the ELN.

The straw that supposedly broke the camel's back was the issue of negotiations. The Domingo Lain Front is categorically opposed to any dialogue with the government, and the fact that the FARC convinced the ELN to attend the talks in Caracas and Tlaxcala caused a major rift in it. On the one side are "the hard-liners," represented by the Domingo Lain Front, which is accused of killing the bishop of Arauca and the editor of the newspaper LA OPINION of Cucuta, and which is opposed to any negotiation. On the other is Father Perez's faction, which wants to talk with the government, but without negotiating a demobilization. Their disagreement had gotten so bad that there was even talk that the members of the Domingo Lain Front might be thinking about leaving the ELN and forming their own guerrilla group. The fact is that neither the ELN, divided as it is, nor the FARC have demobilization on their agendas for the time being. And this is indeed a difficult situation for the government to handle. A guerrilla group that wants to negotiate, not to demobilize but to gain time, thwarts any peace process. It creates additional problems too, such as the need to engage in a permanent military offensive, with all of the costs that that entails, and the obvious fact that a guerrilla group that is constantly and systematically being harassed by the Army will resort increasingly to selective terrorism.

In fact, as President Gaviria said a few days ago, peace can be established only with those who want it. And for the time being, the ELN does not want it.

* Studies Differ on Narcodollars' Impact on Economy

93WD0579Z Santa Fe de Bogota SEMANA in Spanish 13 Apr 93 pp 34-39

[Article: "How Much Money Is Coming In, After All?"]

[Text] In the past two years, an unusual volume of foreign exchange has accumulated in the country. International reserves increased from $4.5 billion at the end of 1990 to more than $7.7 billion at the end of last year. And only a small part of this increase can be explained in terms of exports. The development of that sector, particularly in the last year, has been somewhat less favorable than expected.

The increase in reserves has caused the government tremendous headaches, since time and again it has had to change its economic policy in an effort to minimize the impact of the conversion of foreign exchange on the

domestic market, and, in particular, to avoid an inflationary upsurge. But despite all the efforts made, the flow of capital into the country continues to increase.

Naturally, this situation has upset the authorities. And it is causing the analysts great concern. Because what is certain is that since the moment in September of 1991 when Professor Luis Jorge Garay noted the importance, from the point of view of economic policy, of clarifying the nature of the foreign exchange coming into the country, innumerable studies undertaken to explain this phenomenon have been produced.

But as happens with the majority of economic issues, the interpretations given to the problem are so diverse that, far from having a clear understanding of what is happening, the country must be more puzzled today than ever. At least this is the conclusion one reaches on examining the works collected by Mauricio Cardenas and Garay himself in a book entitled "The Macroeconomics of the Capital Flow in Colombia and Latin America."

According to their compilers, in fact, "these works reflect the lack of a consensus concerning the origins of this capital. Some authors believe that what is involved is increased income from the traffic in drugs. An alternate interpretation puts forth the possibility of a structural change in the Colombian economy associated with the process of freer trade and the elimination of foreign-exchange controls. And a last group points to the disparity between Colombia and the rest of the world in profitability as the basic determining factor in capital income."

In the end, however, the impression one derives from reading the text is that the book is divided among those who believe that the traffic in drugs has nothing to do with the influx of capital; those who believe that in an economy like that of Colombia, it makes no sense to ignore the presence of drug money as a part of the capital flowing in and out, despite the fact that this is not, in any case, the determining factor in what is happening; and, finally, those who attribute a highly distorting effect on the Colombian economy to the traffic in drugs.

The Drug Money

Without a doubt, the first position is quite unrealistic. The other two, on the other hand, again raise an issue that has been a subject of discussion since the appearance of the first marijuana plantings in the Sierra Nevada de Santa Marta in the middle of the 1970's—the economic dimensions of the drug traffic and its impact on domestic productive activity as a whole.

This is the point on which there has been every kind of speculation, and figures beyond the capacity of the majority of Colombian citizens to understand have been mentioned. The problem created by the accumulation of foreign exchange has, however, allowed the investigators who have had to deal with the subject from time to time to revise their calculations carefully and to update their estimates.

And this is what is being done, not only with the works included in the book (among them, one produced last year by Miguel Urrutia, the current manager of the Bank of the Republic, in collaboration with Adriana Ponton, and another signed by Andres O'Byrne and Mauricio Reina merit special note), but also with other studies of which SEMANA has learned. This is the case, in particular, with the preliminary draft of a work undertaken some months ago by the present deputy director for national planning, Hernando Jose Gomez, for the purpose of updating the figures in a work published in 1988 in the periodical COYUNTURA ECONOMICA, and with an investigation into the underground economy carried out by Dean Salomon Kalmanovitz of the Faculty of Economics at the National University.

As can be seen in the tables below, the figures in some categories differ substantially. Some of these differences are due to the methods used by the researchers in establishing the market value of the drugs, and the inclusion or exclusion of the new uses—and new products—chosen by the drug traffickers in order to diversify their markets. Major differences are also found when it comes to identifying the uses the drug traffickers make of their resources, and above all, with regard to the implications of these uses from the point of view of the flow of foreign exchange into the country.

In general, however, there are points of coincidence that merit emphasis. The first has to do with the fact that the North American cocaine market reached its highest apogee between 1986 and 1988, and since then, there has been a relatively rapid decline. In fact, the four studies agree that the lowest net income totals from the sale of cocaine in the United States in the decade were seen in 1990 and 1991. There is also a consensus on the fact that the European markets are becoming increasingly important. There is further agreement that in 1990-91, exports of poppy products began to reach a volume that could potentially, if not brought under control, make them more important than cocaine in terms of the generation of income.

In absolute terms, the figures on the income generated by the illegal dealings of the Colombian drug traffickers range from a minimum estimate by Miguel Urrutia for the period between 1981 and 1991 of $9.8 billion to a maximum of $45 billion calculated by Salomon Kalmanovitz for the same period. In other words, from an average of $800 million per year to a figure near $4 billion.

The Most Cautious Analyst

Miguel Urrutia has put forth the most modest estimates. His calculations, based on earlier studies such as that by Hernando Jose Gomez, range from a minimum of $9.8 billion to a maximum of $25.9 billion for the 11 years. And, like the other authors, he believes that "the indirect

empirical evidence suggests a very great decline in the net income of the drug traffickers between 1989 and 1991."

But perhaps the most important aspect of Urrutia's analysis pertains not to the total income generated by the drug traffic, but to the portion that comes into the national economy. That, in the final analysis, is what he wants to discuss, with a view to clarifying the problem of the flow of capital in the past two years.

In order to measure this impact, Urrutia analyzes the trade flow, first of all. And after citing the National Planning Department studies of Colombian import and export records, as compared to the statistics maintained by the country's trade partners, he comes to the conclusion that in the years under consideration "the flow of capital from the drug traffic through the trade balance has been minimal."

He also analyzes the deposits made by Colombian citizens abroad, based on the figures provided by the International Payments Bank. And after stating that "it is very possible that the drug traffickers do not identify many of their deposits as having been made by Colombian residents because of the risk of investigation," and that "although deposits by Colombian citizens decreased in 1991 for the first time, coinciding with a flow of capital into Colombia, this decrease was small," he concludes that no major entry of dollars from drug trafficking into the country is obvious in this connection, either.

And, finally, he studied the flow of dollars in bills. And he says that "if we assume that because of the legislation on the laundering of dollars through the financial market, a substantial part of the dollar remittances to Colombia from drug trafficking are effected in bills," and "if we presume that the normal influx of bills is equal to the average for the years between 1986 and 1990, with a subsequent untypical increase in 1991 of about $355 million," then the influx in cash from drug trafficking could not exceed this figure. And this would be the money used as working capital.

It is on this basis that Urrutia estimates that Colombia's dollar income from drug trafficking has not, in the best of cases, exceeded $10 billion in the past 10 years. And since, according to his calculations, the total income earned by the drug traffickers would not be much more than that sum, "it is not likely that this heavier influx can continue for long." In other words, it has neither been the cause of the problem nor will it be in the future.

And What About Europe?

O'Byrne and Reina, however, think otherwise. In their view, the thesis according to which there has been a drop in Colombian income from the drug traffic in recent years "only makes sense if the analysis is limited to the sales of cocaine in the United States." Moreover, they believe, "there are more than enough reasons for saying that while the market for cocaine in the United States is indeed shrinking, the total net income earned by the Colombian drug traffickers has tended to increase in recent years."

But it is not only the growing European market that makes the difference, according to these authors. There are also the sales of latex and heroin which, they say, may well have brought in about $1 billion in 1991. This income, which was not taken into account by Urrutia or by the other authors, would have increased the drug traffickers' income to $4.4 billion in 1991. This is the highest figure of all of those quoted. And it is this that leads these authors to say that "there are substantial reasons for concluding that the increasing illegal income may in large part explain the flood of capital into the country that is the subject of this study."

Apart from the above, however, O'Byrne and Reina do not take into acccount the influx of foreign exchange from drug trafficking into the country except to warn—and in this regard they were misinterpreted in a critical review of their work published in the periodical of the ANIF [National Association of Financial Institutions]—that the increase in income from the drug traffic "does not mean that the entry of illegal capital into the country has increased in the same proportion."

Obviously, O'Byrne and Reina are not the only authors who think that the economic dimensions of the drug traffic have been underestimated due to the failure to take into account sales to Europe and the emerging heroin business. Salomon Kalmanovitz takes a similar view. In recent years, he believes, "two additional elements have come into the drug-trafficking picture. One is a certain recovery in exports of marijuana as a result of the eradication campaign in Hawaii, and the other very worrisome element is the cultivation of poppies and the refining of heroin, for which the figures may be rather high."

Of the four investigators mentioned, it is Kalmanovitz who perhaps has gone into the greatest detail, both in terms of the drug traffickers' net income, which he estimates at $45 billion in the past 11 years—a figure his colleagues regard as exaggerated—and in terms of the use the drug traffickers make of the funds. While in the opinion of Urrutia they have not financed operations in excess of $9.8 billion in the past 10 years, Kalmanovitz believes that figure may have exceeded $25 billion (see table).

And although, according to him, "the economic impact of the drug traffic is very hard to estimate, because it is accompanied by other underground phenomena such as the undeclared exports of coffee, livestock, and in general all of the goods that cross the frontiers, as well as the foreign-exchange accounts maintained by Colombian citizens abroad," it is obvious that if his estimates are correct, the country will have survived the "lost decade" thanks to the traffic in drugs.

The Fair Median

But this is precisely what the "government economists," as the opposition calls them, are trying to show never

happened. The individual in this group who has achieved the greatest credibility is Hernando Jose Gomez. Opting in a way for the "fair median," Gomez believes that the drug traffickers' income in the past 10 years has come to about $15 billion—in other words, that it has never exceeded $1.2 billion per year.

According to his calculations, "if we add the net income from the drug traffic, which would have come to a total of $16.196 billion for the years between 1981 and 1991, the total income used to finance smuggling and the flight of capital would be about $25 billion. And as the use of only about $15.1 billion, in all, can be justified, there would be a balance of $9.9 billion, that is to say about $900 million each year, the use of which cannot be accounted for, a priori."

The inability to account for the use of these funds has to do with the many activities that in one way or another may involve the use of illegal foreign exchange. Therefore, in the final analysis, not all of the figures are comparable. As a result, the important thing is that despite all their differences, the studies under discussion make it impossible to forget that Colombia is a country that has been dealt a harsh blow by the traffic in drugs. And that in one way or another, this activity has a major impact on the national economy.

Economic Dimensions of the Traffic in Drugs According to Mr. Urrutia

Year	Net Income*		Use of the Funds**		
	Maximum	Minimum	Working Capital	Smuggling	Underbilling
1981	807	3477			819
1982	1672	3316		31	700
1983	1790	3920		43	615
1984	1230	1967		34	741
1985	1360	1044		11	713
1986	949	3555	103	108	605
1987	845	3100	334	106	544
1988	696	2837	162	246	629
1989	130	939	.72	349	1075
1990	160	951	203	287	842
1991	167	858			
Total	9806	25,964	974	1215	7283
				Minimum	Maximum
			Income	9806	25,964
Funds Mobilized in the Decade of the 1980's			Uses**	9472	9472
			Seizures	2932	2932
			Remainder***	-2598	13,560

*These figures refer to the sums earned by the traffickers from their business, and not what comes into the country. Neither the sales to Europe nor the traffic in heroin and marijuana is taken into account. The figures come to millions of dollars.

**Dollars coming into the country to finance illegal activities.

***Money kept by the drug traffickers abroad.

Source: "Influx of Capital, Interest Differentials, and the Drug Traffic" (with Adriana Ponton).

Economic Dimensions of the Traffic in Drugs According to H.J. Gomez

Year	Net Income*		Use of the Funds	
	Cocaine	Marijuana	Smuggling	Flight of Capital
1981	2025	205	1100	
1982	3665	170	1100	
1983	2069	172	1100	
1984	1313	110	1100	
1985	1388	34	1100	
1986	1339	28	1100	
1987	805	76	1100	

Economic Dimensions of the Traffic in Drugs According to H.J. Gomez (Continued)

Year	Net Income*		Use of the Funds	
	Cocaine	Marijuana	Smuggling	Flight of Capital
1988	653	64	1100	
1989	1016	29	1100	
1990	667	26	1100	
1991	279	57	1100	3022
Total	15,219	971	12,100	3022
			Income	16,190
Funds Mobilized in the Decade of the 1980's			FlightofCapital**	8837
			Uses	15,122
			Remainder ***	9905

*Neither the sales to Europe nor the traffic in heroin was taken into account. These two factors may account for an underestimate of $1 billion for the income in recent years. Figures in the millions of dollars.

**Although these sums do not come from the traffic in drugs, they make it possible to finance illegal operations.

***Unlike the figure in the Urrutia study, this represents not what remains abroad, but what cannot be accounted for.

Source: "The Underground Economy in Colombia," preliminary draft (with Mauricio Santa Maria).

Economic Dimensions of the Traffic in Drugs According to Kalmanovitz

Year	Net Income*			Use of the Funds**		
	Cocaine	Marijuana	Smuggling	Underbilling	Flight of Capital	Travelers
1981	3360	300	450	129	700	260
1982	4320	200	240	690	1000	150
1983	4000	170	260	1549	1200	80
1984	4320	170	280	1457	0	140
1985	4160	110	290	1315	1500	280
1986	3840	35	300	1094	1400	275
1987	5200	70	410	1148	0	310
1988	3490	165	580	1429	880	300
1989	3990	180	520	1212	800	290
1990	2656	200	470	1620	0	280
1991	3110	250	330	969	0	350
Total	42,446	1850	4130	12,612	7480	2715
		Income			45,196	
Fundss Mobili_ed in the Decade of the 1980's			Uses***			26,937
		Remainder			18,259	

*The sales of cocaine to Europe, which have come close to those in the United States since 1990, are included.

**Including the use of illegal foreign exchange not generated by the drug traffic.

***Although these sums do not enter the country physically, they finance activities that would otherwise need to be financed by legal funds, which means that they have a direct impact on the economy.

Source: "Macroeconomic Analysis of the Drug Traffic in the Colombian Economy" (mimeographed).

Ecuador

Finance Minister Announces Government Not To Pay Interest to Banks

PA1106005193 Quito Voz de los Andes in Spanish 2300 GMT 8 Jun 93

[Text] Mario Rivadeneira Traversari, minister of finance and public credit, announced on 8 June that the Ecuadoran Government will not pay interest or capital to commercial credit banks until a favorable agreement is reached at the ongoing renegotiations.

Rivadeneira made the announcement when he went before Congress to deny publicly recent newspaper reports that he owns Ecuadoran foreign debt notes.

Rivadeneira submitted a written statement that the government has made no payment on capital or paid any interest to the commercial credit banks and it will not do so until an agreement favorable to Ecuador is reached.

Government officials told REUTER on 7 June that Ecuador suspended negotiations in New York City after receiving an unsatisfactory counterproposal during the ongoing renegotiations.

Rivadeneira attached to his document a copy of an affidavit reiterating the Ecuadoran position of nonpayment of the commercial foreign debt service. The Ecuadoran Government has not paid and announced that it will not pay on interest or capital to commercial or private banks until there is a general negotiations agreement. Rivadeneira said that he personally has neither bought, sold, nor exchanged Ecuadoran foreign debt notes and has not given privileged information to persons in possession of such notes.

Newspaper reports twisted a statement Rivadeneira made on television four days ago and reported that he owns Ecuadoran foreign debt notes.

Paraguay

Creation of 'Political-Military Organization' Revealed

PY1006133193 Asuncion ABC COLOR in Spanish 9 Jun 93 p 7

[Text] Retired Infantry Major Bartolome Araujo yesterday reported a project to militarize Paraguay through the creation of a political-military organization, similar to a Nazi-fascist organization, with the objective of influencing and controlling the government. He said the plan already is being implemented, $10 million is available for the project, and the organization's headquarters might be on a 150-hectare lot in Vinas Cue. Araujo spoke during a ceremony at which Institutionalist Military Movement (MIM) members marked the civic-military deed of 9 June 1946.

Maj. Araujo said it is necessary to make great efforts to prevent more serious things from happening, like the "militarization of the Republic of Paraguay, disregarding the people's will to bring democracy to the country."

Araujo, who headed the revolution in Concepcion in 1947, said: "I would say we are facing a potential danger that is hanging over our heads—the militarization of the country. And we should be on the alert to confront this tremendous situation that might occur. I think it is occurring already."

Asked to give more details, Araujo said that "it is a political-military organization project that will have an economic, social, and political structure to influence the government, as General Lino Oviedo has put it, to govern or to share the government with a party, the Colorado Party, for centuries to come, no matter what."

He said the project is being implemented, that it intends to be a political-military or military-political project, and that it will be organized first by retired military men and then by retired police chiefs and officers. He explained that the former amounts to 6,000 and the latter to 10,000.

Araujo said that during a meeting a few days ago, President Andres Rodriguez himself and Gen. Oviedo gave details of the project. In this regard, he said that a piece of land already has been chosen for the project's headquarters, a 150-hectare lot in Vinas Cue. In addition, there is a $10 million donation for beginning the work, although he could not provide any further details.

Araujo explained that one MIM member who attended the meeting informed the other MIM members that in referring to the cash donation and the lot, President Rodriguez said: "Do not ask me where it is coming from or who is giving it."

Araujo stated: "I believe it is dangerous. It is not just an organization that will be militarized; it will go beyond that, encrusting militarization in political society, with extraordinary privileges like donation of public land—which belongs to the Paraguayan people—for them (the military) to make their totalitarian attempt to dominate the republic."

In response to reiterated questions on details of the project, Araujo, who lived most of his life in exile, explained that the plan is to create a structure in which "sort of a general union will be created in an attempt to become a general interpreter or sort of a military party with retired officers and also with on-duty officers."

"It's a kind of military party, as Gen. Oviedo said in his speech, to share the government with the Colorado Party for centuries to come," Araujo remarked.

Asked about the organization objective, the former Concepcion revolutionary replied: "To create a military party and a structure similar to a Nazi-fascist organization."

When he was asked if the objective would be to control everything, Araujo said: "Yes, to control everything."

He concluded by saying that "advice is apparently coming from Germany. Today (yesterday) I was informed about that, but without further details."

Army Commander Calls Idea 'Ridiculous'

PY1006212193 Asuncion ABC COLOR in Spanish 10 Jun 93 p 8

[Excerpt] Army Commander Major General Pedro Concepcion de la Cruz Ocampos yesterday played down reports issued by the Institutionalist Military Movement (MIM) about the creation of a political-military party. Ocampos said that "These are reckless statements, because it is absolutely irrational to think about a political-military party. This would be utterly against all principles, politics, regulations, the military spirit, and, therefore, the constitution." Ocampos also confirmed the existence of a property in Vinas Cue where a recreation center is being built for active duty and retired military officers and policemen.

Ocampos said he is surprised by reports about the creation of an organization to influence the government, as reported by the MIM. He said that "these are reckless rumors because it is ridiculous to think of a military party." [passage omitted]

Asuncion Mayor Signs Friendship Agreement With Havana Mayor

PY1106022093 Asuncion NOTICIAS in Spanish 10 Jun 93 p 10

[Text] Asuncion Mayor Carlos Filizzola and Havana Mayor Pedro Chavez Gonzalez, at a ceremony at Asuncion City Hall yesterday, signed a friendship and cooperation agreement between their respective cities.

According to the agreement, commissions comprising experts of the two municipal governments will be established to develop and implement programs designed to solve the problems of illiteracy and unemployment, to improve the health and education systems, to exploit tourism and urban services, to solve the problem of urban settlements, and other related subjects in the two cities.

The agreement also provides for the exchange and dissemination of cultural, artistic, sports, political, and social events. Moreover, it provides for training courses, assistance, and exchange of human resources as well as social promotion programs.

The document ends by proposing to create and consolidate economic relations, through the promotion of products and goods typical to the two countries and to promote their consumption as well as promoting information on industries and activities that may benefit either city.

Chavez Interviewed

PY1106014293 Asuncion NOTICIAS in Spanish 10 Jun 93 pp 10-11

[Interview with Pedro Chavez Gonzalez, president of City of Havana Provincial Assembly of the People's Government, by unidentified journalist, in Asuncion—no date given]

[Text] [NOTICIAS] What is the purpose of your visit?

[Chavez] We are here at the invitation of Asuncion Mayor Carlos Filizzola and in return for a visit to Cuba last year by a Paraguayan delegation headed by Municipal Council President Jorge Rubbiani on the occasion of Havana City's 474th anniversary and the 400th anniversary of it being declared the capital of Cuba.

On that occasion we discussed the possibility of a delegation of Havana authorities visiting Asuncion. Some days ago we met with Filizzola at a conference called Cities Toward the 21st Century in Rio de Janeiro, where he reiterated the invitation and which we happily accepted. We regard this visit as historic because I am the first deputy to visit this city in recent decades. We are very happy to be here and hope that our brotherly relationship will grow stronger.

[NOTICIAS] In what fields can Asuncion and Havana help each other?

[Chavez] We feel that the fields in which we can help each other most are in education, public health, culture, sports, basic services to the people, urbanization fields and all those aspects of interest to the two cities.

We can also do something in the tourism field. A representative of Asuncion City Hall was in Havana last year participating in an Ibero-American tourism seminar in view of the fact that Havana belongs to the Ibero-American Association for Intermunicipal Cooperation [Asociacion Iberoamericana de Cooperacion Intermunicipal].

We have common problems, aspects of mutual interest—this is why we were willing to pay this visit and others which may take place in the future. We have invited Carlos Filizzola to visit Havana.

[NOTICIAS] What do you have to say about the fact that a street in Asuncion may be named after Ernesto "Che" Guevara?

[Chavez] Well, we learned about this decision here. Che Guevara has a lot of meaning to us because of what he represented in the revolutionary struggle of the Cuban people to obtain their full independence, their national sovereignty. Every Cuban carries Che Guevara in his heart for what he represents. Later on he came to South America, where he died fighting.

The fact that any Latin American city or any other part of the world would name a street or a square after Che Guevara is very encouraging and makes us very happy

because he was a man that belonged to his times, a physician who loved mankind and the poor for whom he struggled.

[NOTICIAS] Would Fidel Castro come to Asuncion if he were invited to attend Juan Carlos Wasmosy's inauguration?

[Chavez] He has attended the inauguration of other Latin American chiefs of state to which he was invited.

I could not sat whether he will come but I am sure he would take the invitation into account and would make an effort to honor it.

[NOTICIAS] What is the future of Paraguayan-Cuban diplomatic relations?

[Chavez] We are always willing to establish diplomatic relations with all Latin American countries. We are aware of the reasons and causes that determined the severance of relations with Cuba.

We believe the people must maintain and tighten their friendship ties. The appointment of ambassadors in the two countries would contribute to making these friendship ties effective, durable, and stronger.

In sum, it is up to the Paraguayan Government to decide when to establish this relationship.

Peru

CCD Committee Chairman on Presidential Reelection

PA1006134893 Lima Panamericana Television Network in Spanish 1200 GMT 10 Jun 93

[Text] Following a lengthy debate, the Constitution Committee of the Democratic Constituent Congress [CCD] approved the ruling parties' proposal concerning consecutive presidential reelection for one more five year term. The Committee, however, ruled out indefinite reelection, since it decided a president should be able to serve for one more term only.

Of course, some suggested other proposals. Democratic Left Movement Deputy Henry Pease proposed that the reelected president should never be allowed to hold this office again. Renewal Movement Deputy Enrique Chirinos Soto agreed. Manuel Moreyra of Solidarity and Democracy submitted another proposal that, if approved, would have meant that immediate reelection could not be retroactive. This point was not settled.

The debate was heated at times. In fact, there was a squabble when Congressman Manuel Moreyra said Chirinos Soto thinks he is the last monkey in paradise—his very words. Chirino replied by calling Moreira the Goyito Child [Nino Goyito]. All of this happened in the heat of the debate. The debate on the death penalty will begin on 10 June.

[Begin recording, Constitution Committee Chairman Carlos Torres y Torres Lara] As you have seen, we approved the presidential reelection proposal, after starting from two perhaps extreme stances. The first was to ban reelection. The second was to allow someone to be reelected indefinitely, letting the people decide. We agreed to allow reelection but for just one term, like in other countries such as the United States and Finland. In other countries, like France or Italy, the president can be reelected indefinitely. In our case, we agreed to allow reelection for one term. Each term will last five years, its current duration. For this reason, a president may opt to become a presidential candidate, like in the United States, and the people decide whether or not to elect him. We have ruled out the option of indefinite reelections. [end recording]

CCD Committee Approves Death Penalty for Terrorism

PA1006201293 Lima Radio Programas del Peru Network in Spanish 1800 GMT 10 Jun 93

[Report by Eduardo Lindo Collantes from the Democratic Constituent Congress in Lima—live]

[Excerpts] The Constitution and Rules and Regulations Committee of the Democratic Constituent Congress has approved, by a large majority of nine votes to three, the widening of the scope of the death penalty to include crimes of terrorism. The text approved by a majority vote of the CCD Constitution and Rules and Regulations Committee states: The death penalty will be applicable only for crimes of treason and terrorism, in accordance with the laws of the land and those international agreements to which Peru is a signatory party.

Ricardo Marcenaro Frers made the proposal on behalf of the New Majority-Change 90 party. Carlos Torres y Torres Lara; Carlos Ferrero Costa; Victor Joy Way; Marta Chavez; (Victor Matsuda); Ricardo Marcenaro; Pedro Vilchez Malpica; Enrique Chirino Soto; and Lourdes Flores Nano, for the Popular Christian Party, voted in favor of the proposal. Henry Pease Garcia, of the Democratic Left Movement; Roger Caceres Velasquez, of the National Workers and Peasants Front; and Jose Barba Caballero, of the Democratic Coordinating Group, voted against. [passage omitted]

And so the debate here about the death penalty, which began at 1030 [1530 GMT] at the Constitution and Rules and Regulations Committee, presided over by Carlos Torres y Torres Lara, has ended. Once these articles, which will be included in the Constitution, were approved, a debate began on a proposal by Carlos Ferrero Costa. The proposal called for the death penalty to be applied to premeditated murder cases. The Ferrero Costa proposal was rejected by eight votes against and only two in favor. Let us listen now to Commission President Carlos Torres y Torres Lara for a brief moment.

[Torres y Torres, in progress] ...in accordance with international treaties. This means we will continue to respect human rights and international treaties. Today we have also received a report from the Drafting Committee with the first draft of the text, which will be distributed among the committee members.

New APRA Secretary General Interviewed

PY1006201693 Lima LA REPUBLICA in Spanish 30 May 93 Sunday Supplement pp 2, 3, 4, 5

[Interview with Armando Villanueva del Campo, new American Popular Revolutionary Alliance, APRA, secretary general, by Mariela Balbi; place and date not given]

[Excerpts] [Balbi] Mr. Villanueva, following your election as APRA secretary general you said: "The right to insurgency will not mean just words, it will become a great movement." How will you do this?

[Villanueva] Insurgency does not necessarily mean violence. Fujimori's government is leading the country in such a way that all doors are gradually closing under the fiction of democracy. The CCD [Democratic Constituent Congress] is a proof of this: The CCD is not a Constituent Congress but just another government puppet. Insurgency in face of a false Constitution and the referendum that the government wants to manipulate, seeks to convince the people to say no. How? We need a grand campaign, committees to defend democracy or national insurgency committees. When I talk about insurgency I mean the people revolting and saying No! to the dictatorship.

[Balbi] What are you doing now?

[Villanueva] Well, one thing a time. Insurgency today would just involve me, in the streets, shouting... (laughs).

[Balbi] Do you think it possible? Because it is one thing to call for...and another to be followed.

[Villanueva] I have given you a concrete example. I think authentic democrats are wasting too much time in useless conversations, in very respectable declarations that do not say much. The moment has come to transform all that into action. A protest action. One form of insurgency would be to organize an unarmed strike [the Shining Path organize armed strikes] to hear the protests of student and workers.

[Balbi] That would be one form of insurgency, yes, but the proposal is not valid because the people do not like strikes, they do not feel attracted by them.

[Villanueva] That is why I say we must prepare the insurgency. It will not appear spontaneously. I have just read something very important. To be a leader in a cooperative you must have secondary education. What member of a peasant cooperative has that kind of education? The measure seeks to create a leadership elite. Insurgency is protest.

[Balbi] A protest with medium-term objectives perhaps?

[Villanueva] We have to prepare the insurgency. We must coordinate all those wishing to protest so that together we can beat the dictatorship.

[Balbi] Do you think present opposition forces will follow the APRA leadership? You asked the opposition to withdraw from the CCD, but to no avail. There is not much response, is there?

[Villanueva] I have not told them to stay. If there is not much response, we will insist! Gandhi persisted until he defeated the British empire. This fellow currently in the Government Palace is a usurper who does not have the power the British had, although he depends on other empire. I was consulted about the matter and I said they should have never entered the CCD. But they did, and now it is necessary for them to leave. That was my answer. It is their problem if they do not leave now.

[Balbi] APRA and the opposition have not been very consistent lately. This is why your words sound a little utopian.

[Villanueva] Well, I have just been elected.

[Balbi] Do you sincerely believe that the withdrawal of the opposition will affect the government?

[Villanueva] The government will not have problems as long as the tanks protect it. I believe national conscience will influence the military conscience, and when the time comes the tanks will no longer serve the dictatorship. To say that there is no reason to do anything now because we cannot win is tantamount to accepting defeat. The acceptance of defeat makes it easy for dictatorships to impose their will, and makes people lose their dignity and lower their heads. I will give you an example: Troops break into houses at four in the morning, children and everyone in the house are taken outside while they ransack the houses. Then, at six in the morning they return to distribute beans and milk. This is humiliating for the people.

[Balbi] But the people approve of those operations.

[Villanueva] That is not true. That is like saying the people of Lima wanted Chileans to invade their city to prevent the looting. It is a farce. The government has taken away the people's dignity. It all began with the ill treatment afforded to institutions. It was said that the judicial branch was corrupt but now it is no longer corrupt. Then the government destroyed the dignity of the Navy and the Army.

[Balbi] Apart from not participating in the CCD, in what other type of opposition was the APRA involved during this period?

[Villanueva] We made declarations and we protested. The party youth protested in the streets.

[Balbi] We have not all seen that.

[Villanueva] Because you do not have eyes to see. When the OAS delegation that visited us looked the other way—because the OAS today supports dictatorships—we went out into the streets to protest.

[Balbi] Do you think that is active opposition?

[Villanueva] It was isolated opposition due to the circumstances. I am involved in opposition by giving this interview. You can say that is not enough to oust the government. You are right, but we are creating an opinion. Opposition does not necessarily mean rebellion...

[Balbi] I agree, but opposition must be also effective.

[Villanueva] To be effective before a government that has armed support we must create an opposition mentality and stress that we are living in a dishonorable reality.

[Balbi] You have said that Fujimori is an inveterate liar, but the people support him.

[Villanueva] Pinochio was very popular with children. It was my idol too.

[Balbi] When you were a child, or now?

[Villanueva] When I was a child. His nose would grow with each lie. Besides you cannot generalize, you cannot say "the people."

[Balbi] I am referring to Fujimori's popularity. He has 60 percent approval rate.

[Villanueva] It could be 40 percent and dropping with the uncovering of his lies. Besides, I was in government and saw how sometimes polling companies changed their figures according to certain interests. I think the basic survey is what you find in the streets, where you see the children sleeping. [passage omitted]

[Balbi] Do you share the opinion that Fujimori is a prisoner of the military?

[Villanueva] No. I think he is the person responsible for everything that has happened. I do not think he plans everything, but he is aware of everything. The military elite is represented by General Nicolas De Bari Hermoza Rios. It seems that he was named after a saint. An Italian saint, not a Peruvian saint. Poor saint, he is probably sorry for his homonymous. I think we are talking about a very small military elite. I trust the Peruvian Armed Forces will become conscious—as happened with [Division General Jaime] Salinas Sedo—that the Armed Forces' role does not include sustaining a dictator and, least of all, permitting the country to become a beachhead for a foreign power.

[Balbi] You mean...

[Villanueva] I mean Japan. I think Fujimori is responsible. We must not blame everything on the military. Fujimori is the Armed Forces' supreme commander. The military know how to fulfill their duty when defending our national integrity. I hope, when the time comes, we will be happy to get rid of the dictatorship.

[Balbi] Are you thinking in a military coup?

[Villanueva] I do not believe in a coup but in a national reaction, in insurgency, which is not always violent. Let us recall that in Chile insurgency ended Augusto Pinochet's dictatorship.

[Balbi] In hindsight, do you think Mario Vargas Llosa would have made a better president than Fujimori?

[Villanueva] I am not a magician. I cannot comment on that. But I can say that Mario Vargas Llosa—whom I fought and will continue to fight because of his ideals—was honest and said what he thought.

[Balbi] Let us talk about the APRA now that you are the secretary general. How will you renovate the party?

[Villanueva] I do not think the party needs renewal. It only needs to update its positions.

[Balbi] Do you not consider the many APRA followers who think that the party must change?

[Villanueva] Many things can happen, but we must not confuse renewal with updating.

[Balbi] Are you allergic to the word because there is a group of followers who call themselves renovators?

[Villanueva] I laugh about that. The other day I protested because there were talks by group with many different names.

[Balbi] Why do you not want to mention the renovators, Monterrico's group [not further identified], or the provincial group?

[Villanueva] I protested because no one mentioned "the Chacarilla group," which is where I live...(laughs).

[Balbi] But you are included in the Monterrico group.

[Villanueva] We laugh about that at the plenum meeting. Only the plenum meeting can update positions or make things real. I will not oppose if you want to call that renewal.

[Balbi] On the same point: many people think your election as secretary general is like a rerun of an old movie. Would it not be healthier to let others come to the fore? In that way we would not have to look at the same old faces.

[Villanueva] I am sorry Ruilman Flores, secretary general of the party's interior districts, is not here.

[Balbi] Does Flores like to see old movies?

[Villanueva] He comes from the grassroots of the Martin de Porres district and has the list of APRA CEN

[National Executive Committee] members. The average age of CEN members is 30. I am the only 77 year-old. [passage omitted]

[Balbi] I received information that a faction of your party thinks that you will not be able to do anything, not even introduce changes at the CEN. What are you committed to do?

[Villanueva] I have said that the doors are open to all dissident voices.

[Balbi] What will be the mechanism?

[Villanueva] I invite everyone to come and explain their points of view. The only thing they have to do is open the door. Moreover, each national secretariat will have a young representative (a student from the JAP [Peruvian Aprista Youth].

[Balbi] Do you promise anything else?

[Villanueva] To modernize the party structure by automating it. Within the party we have no computer system. I also promise to strengthen the fraternity. My age will help that. If I were young I would probably be involved in some dispute over some much agitated issue. [passage omitted]

[Balbi] There are disagreements within the party. What are they?

[Villanueva] The disagreements are based on the contemporary idea that socialism is dead, that the time for workers' demands has passed and that there is no imperialism.

[Balbi] Is this trend strong?

[Villanueva] I would not say it is strong, but it can be felt. I promise to demonstrate that they are wrong. We will invite you when there are debates so that you can see that things are not being postponed or protracted in accordance with some given goals.

[Balbi] What other types of disagreements are there?

[Villanueva] There is one concerning the updating of the party organization (I am in favor of it). There are people who are very radical concerning the ritual, the form, and the rules. I think we must reduce the statutes and make them more expeditious. I also consider it essential to include more workers (both formally employed and underemployed people) in the party administration.

[Balbi] Another disagreement emerged between those who wanted a party congress and those who opposed it...

[Villanueva] That is true. There was great disagreement. In the voting, the position for updating followed by a congress won. The group that wanted a congress did not represent anyone. Ask Abel Salinas if he was offended over defending the proposal for a congress. I was also in favor of it, but Ricardo Diaz de la Vega's position won. He made a speech and it impressed the people. He is an artist, a professor at the popular universities...

[Balbi] Does he not like changes very much?

[Villanueva] He does. He represented the idea of updating first, and then a congress. The proposal for a congress did not have much support either in this or in the previous plenum. The proposals of the renewal group, Monterrico, and the provincial members...are just gossip. They go to a newspaper and surprise everyone.

[Balbi] I did not get this from newspapers, I spoke to active members...

[Villanueva] With whom?

[Balbi] I cannot tell you.

[Villanueva] And you want me to give you names. I also have my professional secrets. But let us return to the point. My motion to have a congress lost, and that is democracy, right?

[Balbi] You now have the power to restructure the CEN. Do you think this is too much power for one person?

[Villanueva] It depends on how you exercise that power.

[Balbi] It is always dangerous for one person to decide for many others.

[Villanueva] No, because we can be the ones who assimilate and consult. Yesterday I spent all day consulting with people from the CEN and those outside the CEN, on what must be done...

[Balbi] Would voting be more democratic?

[Villanueva] Excuse me for referring to myself, but yesterday I granted a news conference. The day before yesterday I gathered the CEN people and asked them to tell me what they wanted me to declare. This is the first time, they told me, that this has ever happened...

[Balbi] Not even with [former President] Alan Garcia?

[Villanueva] I think it was difficult to organize with Alan Garcia. By the way, he called me to congratulate me and to reaffirm that he will not intervene in the party's decisions.

[Balbi] Will he be happy as secretary general in exile?

[Villanueva] Yes, of course. That is, if he maintains his rank. I do not know if he is happy or not, but to maintain one's rank is a responsibility. Many would like us to dismiss Alan Garcia, to take revenge... He maintains his rank as secretary general in exile. Mantilla is in the same situation: he is secretary of organization while in a political prison. I am secretary general... [passage omitted]

[Balbi] A rumor is circulating about a list of 2,000 people who will be dismissed from the party...

[Villanueva] I laugh because there are many lists. I have asked Discipline Secretary [title as published] Jorge Idiaquez to give me the list, but he says he is not aware of it, but that there is a commission in charge of these things. I hope to receive it tomorrow.

[Balbi] When will this disciplinary problem be solved?

[Villanueva] As soon as I receive the list, one of my objectives will be to accelerate it is much as possible. It is not right to consider someone who has not been informed what is happening to him. As soon as I receive information, I will tell the press.

[Balbi] Will you establish a timetable?

[Villanueva] Yes, but not during this interview.

[Balbi] What self-criticism would you make on the party's performance over the past two years?

[Villanueva] Lack of communications. This has been responsible for everything. This is due to the political process, to economic difficulties. We are a party with one telephone. The other lines have been justly cut on the grounds of not having paid the bill...

[Balbi] The fact of having been part of government is not part of your problem?

[Villanueva] It has prompted some disagreements. Some, from my point of view, are correct while others are unjust. We often remember only the bad things.

[Balbi] Do you think the National Intelligence Service might be acting within APRA?

[Villanueva] If they are not, they are stupid. They are supposed to infiltrate. We are not worried about them because we have nothing to hide.

[Balbi] Mercedes Cabanillas has said that your election as secretary general was not what she expected but she wishes you luck. What do you think of that?

[Villanueva] I think it is a cordial comment...

[Balbi] Cordial? That conveys disappointment...

[Villanueva] I say it is cordial because it came from the heart.

Uruguay

President Returns From London, Comments on Trip

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[Report by Leonardo Galante from Carrasco International Airport]

[Excerpts] As scheduled, President Luis Alberto Lacalle has just arrived from London to take charge of the crisis taking place in the country connected with the disappearance of a Chilean citizen. [passage omitted]

Upon arriving from his long trip abroad, the president spoke about the results of the Uruguayan mission he presided over in the United Kingdom. President Lacalle spoke only about this subject:

[Begin Lacalle recording] Thank you Juan. I think that once again this administration's efforts demonstrated that our international relations are not only formal and political. They also have an economic content that will allow our country to increase its prosperity. I can announce to you that a considerable interest in investments in our country was expressed in the United Kingdom. This, together with the news I received from Brazil about the eminent signature of the [words indistinct] agreement, will allow a considerable increase in the employment rate in the car industry through our access to a very large market. [passage indistinct] for the special cars manufactured in Brazil.

This makes us very happy and confirms the correctness of our foreign policy, which is meant to open doors for businessmen and also to increase the amount of jobs and the prosperity level of our workers.

I also must announce the interest expressed by the British in the binational works carried out with Argentina. You know we are making considerable progress in the field of river dredging, of building a bridge and a road. Therefore, I think I can transmit a feeling of optimism to all the Uruguayan people.

Now I will hold a meeting with the vice president of the Republic and all the ministers to learn about the events that took place in the past few days in Uruguay. I will adopt the corresponding measures as I learn about the case. [end recording] [passage omitted]

Army Assumes Responsibility For Chilean Biologist

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[Text] Led by their commander, Lieutenant General Juan Rebollo, the Army generals have assumed responsibility for the actions of their subordinates in the recent case of the Chilean scientist who was protected by intelligence agents.

According to senior military sources, the Army officers stated their position at a meeting yesterday with Defense Minister Mariano Brito and Defense Under Secretary Rodolfo Gonzalez Risotto. During the meeting, which was held at the Army headquarters, the generals used unusually harsh words to criticize the government's handling of the case and conveyed their unanimous support for Rebollo and General Mario Aguerrondo, director of the Defense Intelligence Service. The meeting, which included lunch, began at 1100 and ended at 1430.

The Army senior officers will meet with President Luis Alberto Lacalle at the Libertad Building this afternoon at about 1600.

The sources said the generals conveyed an unusually harsh position to Minister Brito and Under Secretary Gonzalez because they considered the actions by Interior Minister Juan Andres Ramirez and by Brito to be very unfortunate. They believe these actions, which were based on anonymous reports, have affected the military institution. They charged that firing an official holding a position of trust—like that of the Canelones police chief—was done too quickly, which is both strange and unusual.

The sources stated that the generals conveyed their solidarity with Colonel Ramon Rivas, retired, the former Canelones police chief, who is highly respected in military circles. They added that all senior Army officers have assumed responsibility for the actions of their subordinates in the case, in keeping with basic military principles, and conveyed to Brito and Gonzalez that there is uneasiness in all Army echelons because what has happened is considered unjustified aggression against the Army.

The sources noted that the generals cannot see that a crime has been committed in the case and questioned the timing for disclosing it, on 6 June after President Lacalle left for London, even though many politicians had long been aware of it.

The fact that the commanding officers have assumed responsibility in the case rules out the possibility that those officers involved can be brought before a court of law.